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REPORT OF THE COMMITTEE ON PANCHAYATI RAJ INSTITUTIONS

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GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND IRRIGATION
DEPARTMENT OF RURAL DEVELOPMENT

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INTRODUCTORY

The Cabinet Secretariat in their Resolution No. 14/1/2/77-CF dated 12th December, 1977, appointed the Committee on Panchayati Raj Institutions. The Resolution reads:

> "The Government accords the highest priority to rural development, so as to increase agricultural production, create employment, eradicate poverty and bring about an all round improvement in the rural economy. The Government considers that the maximum degree of decentralisation, both in planning and in implementation, is necessary for the attainment of these objectives. It has accordingly been decided, in consultation with the State Governments and Union Territories, to set up a Committee to inquire into the working of the Panchayati Raj Institutions, and to suggest measures to strengthen them, so as to enable a decentralised system of planning and development to be effective.

2. The composition of the Committee is:

1. Shri Asoka Mehta—*Chairman.*
2. Shri Karpoori Thakur, Chief Minister, Bihar.
3. Shri Parkash Singh Badal, Chief Minister, Punjab.
4. Shri M. G. Ramachandran, Chief Minister, Tamil Nadu.
5. Shri B. Sivaraman, Member, Planning Commission.
6. Shri Mangal Deo, M.P.
7. Shri Kunwar Mahmood Ali Khan, M.P.
8. Shri Annasaheb P. Shinde, M.P.
9. Shri E. M. S. Namboodiripad, Trivandrum.
10. Shri S. K. Dey, New Delhi.
11. Shri Siddharaj Dhadda, Jaipur.
12. Prof. Iqbal Narain, University of Rajasthan, Jaipur.
13. Shri Vallabhabhai Patel, President, Zilla Panchayat, Rajkot

3. The Committee would have the following terms of reference:

(1) To review the existing situation regarding democratic decentralisation in the States and the Union Territories, and the working of the Panchayati Raj Institutions from the district to the village levels, so as to identify shortcomings and defects. In particular, to examine the working of these institutions in respect of—

(a) Mobilisation of resources.

(b) Planning and implementation of schemes for rural development in an objective and optimal manner, and in looking after the interests of the weaker sections of society.

(2) To examine the methods of constituting the Panchayati Raj Institutions, including the system of elections, and to assess their effect on the performance of the Panchayati Raj system.

(3) To suggest the role of Panchayati Raj Institutions, and the objectives which could be attained through them, for integrated rural development in the future.

(4) To suggest measures for reorganising the Panchayati Raj system, and removing the shortcomings and defects, with a view to enable these institutions to fulfil their future role.

(5) To recommend the form and content of the relationship that should exist between the Panchayati Raj Institutions, the official administrative machinery, and the cooperative and voluntary institutions involved in rural development.

(6) To make such other recommendations, including those on financial matters, as may be necessary to ensure adequate availability of funds for the discharge of the responsibilities that may be entrusted to the Panchayati Raj Institutions.

4. The Committee should complete its inquiry and submit its report within a period of six months and may also submit an interim report, if it deems it necessary, or if so required by Government.

5. Secretarial and other assistance to the Committee would be provided by the Department of Rural

Development in the Ministry of Agriculture and Irrigation".

2. In Resolution No. 12/1/2/77-CF, dated 14th December, 1977, Shri S. K. Rau was appointed Member Secretary.

3. The Chairman, some of the Members of the Committee could only meet for the first time on 10th January, 1978. Thereafter, a number of informal meetings were held among the Members who were readily available in Delhi. Such meetings were continuing throughout, numbering to over 40.

4. The Committee in its first meeting on 31st January, 1978, decided on the procedure to be followed for obtaining the data and all shades of opinion, as in eliciting views through a Questionnaire, through meetings at the State level, in conducting four regional seminars and through studies and discussions with several knowledgeable persons. The Questionnaire was not directed as an opinion poll but to elicit ideas on the restructuring and the assignment of functions to Panchayati Raj. The discussions with the State Government covered sessions with the Chief Minister and his Cabinet colleagues, Legislators, functionaries in Panchayati Raj Institutions and Administrators. The Committee Members divided themselves into groups to be able to visit different States and had occasion to meet as many as 1500 persons. Four regional seminars—at Hyderabad for the southern region, at Lonavla for the western region, at Jaipur for the northern region and at Patna for the eastern region—were held to obtain the views of academicians, functionaries and administrators in a frank exchange of views in an academic atmosphere. More than 120 persons attended these four discussion sessions. About 12,000 Questionnaires were sent by the Committee to the State Governments for transmittal to Government Deptts./Organisations, Legislators, Panchayati Raj officials, Administrators, Academicians and other interested in Panchayati Raj Institutions. Over a thousand replies were received. These were analysed at the Rajasthan University under the direction of Prof. Iqbal Narain. The Committee had also opportunity to meet the Prime Minister, some of the Cabinet Ministers at the Centre, leaders of political parties, representatives of voluntary organisations, other distinguished specialists and eminent persons including Shri Jayaprakash Narayan and Dr. Norman Borlaug.

5. In the meeting held on 27th March, the Committee indicated their tentative approach and considerations for taking

a view of the problem. Apart from a series of meetings of Members who were available in Delhi from time to time, meetings of the Committee to take final decisions on the several aspects were held on the 1st, 2nd and 19th of July 1978. A total view of all the aspects of Panchayati Raj Institutions was taken, though not specifically in the order of the terms of reference. A Drafting Committee, appointed by the Committee, looked into the Draft on 1st, 2nd and 3rd August which was finally approved by the Committee on 16th & 17th of August, 1978. It was submitted to the Prime Minister on 21st of August, 1978.

6. The Committee would like to thank a number of persons and institutions but for whose cooperation, it would not have been possible for it to have access to so much material and such a variety of view points. The State Governments have extended ungrudging assistance for making all the arrangements for the visits of the Committee Members and facilitating access to so much data. The Chief Ministers and their colleagues spared their valuable time and also arranged to meet a cross section of people and also for a frank exchange of views with their officers and others. We are thankful to the number of persons who have responded to the Questionnaire. Shri G. V. K. Rao, Secretary, Agriculture & Rural Development, of Government of India and the Department of Rural Development not only set the Committee on their paces but always responded to its numerous needs. The National Institute of Rural Development had fed the Committee as required with much background study; Dr. Shivaiah, Director (Pol. Sc. & Pub. Admn.) had assisted the Committee at various stages and Dr. K. V. Narayana Rao in developing the Chapter on Finances. Dr. C. S. Chandrasekhara, Chief, Town and Country Plannning Organisation, provided much assistance in analysing concepts of growth centres and urban-rural integration. Shri B. D. Sharma, Joint Secretary, Ministry of Home Affairs, Government of India gave insights into the problems of tribal areas. The University of Rajasthan had kindly spared services of Shri P. C. Mathur as Consultant who gave extremely valuable support in the secretariat. The Vice-Chancellors of Punjab Agricultural University, and Karnataka Agricultural University and their faculty members gave us their insights into agricultural research and the allied problems of transmittal. The report of the Study Group with Shri P. R. Dubhashi, formerly Joint Secretary,

Department of Civil Supplies & Cooperation, as Chairman, S/Shri R. K. Bhujabal, Director, Department of Rural Development, Afzalpurkar, Collector, Poona, Dr. Harpal Singh, Director (Cooperation), Planning Commission, proved very useful to the Committee. Dr. S. P. Singh of the Ministry of Agriculture studied in depth, for the Committee the agricultural programmes. Shri D. D. Sathe gave us a detailed and forward looking note based on his experiences in originally introducing the district tier in the former Bombay State. Prof. G. Ram Reddy, Vice-Chancellor of Osmania University, Hyderabad, Prof. V. M. Dandekar, Director of the Gokhale Institute of Politics & Economics, Poona, Prof. Pradhan H. Prasad of the Anugraha Narain Sinha Institute, Patna and Prof. Iqbal Narain, Professor, University of Rajasthan had all ungrudgingly taken the responsibility in conducting the seminars.

7. There are numerous others who have spared their time to discuss with the Committee the several facets of the Panchayati Raj Institutions and ideas on the decentralisation. Their list will be too long to mention individually.

8. The Committee would like to record its appreciation of the contribution of Shri S. K. Rau, as Member Secretary. With a rich background of experience in planning and administration, he could sift the essential from the non-essential for use by the Committee. He would fix a time schedule which he would adhere to, howsoever demanding it may be for him in terms of continuous hard work in producing the final report on time. Above all, he could lead a team at the Secretariat level and make them share his enthusiasm for work.

9. We would also like to record our appreciation of the secretariat who have come up at all times to the expectations and requirements in the working of the Committee and finalisation of its Report.

Department [illegible] Cooperation, as Chairman. Shri R. K. Bhandari, [illegible] Department of Rural Development [illegible] Dr. Harpal Singh, Director [illegible] Planning Commission, proved very useful to the Committee. Dr. [illegible] of the Ministry of Agriculture [illegible] the agricultural programmes. Shri [illegible] and forward looking note [illegible] in [illegible] introducing the district [illegible] Prof. [illegible] Reddy, Vice-Chancellor of [illegible] University, Hyderabad, Prof. [illegible] Director of the [illegible] Institute [illegible] Prof. [illegible] Prasad of the Anugraha Narain Sinha Institute, Patna and Prof. Iqbal Narain, Professor, University of Rajasthan [illegible] taken the responsibility for organising the seminars.

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3. [illegible] that in record its appreciation of the [illegible] Shri [illegible] as Member-Secretary. With a [illegible] of experience in planning and administration, [illegible] for the [illegible] from the [illegible] schedule which he would [illegible] He would [illegible] it may be [illegible] in terms of [illegible] in producing the final report within [illegible] and make them [illegible]

[illegible] our appreciation [illegible] to the expectations [illegible] of the Committee and facilitation of the Report.

CHAPTER I

PANCHAYATI RAJ: REVIEW AND EVALUATION

I.1 India has gathered wide experience in the practice of democratic decentralisation in the wake of the recommendations of Balvantray Mehta Study Team. The extent and form of democratic decentralisation have varied from State to State and there have been ups and downs in the earnestness with which the programme has been pursued. The task of reviewing and assessing developments over the past decade and half is greatly facilitated by the valuable evaluations made by Expert Committees appointed by different State Governments and the Government of India from time to time. A voluminous literature has grown upon the subject. It would, therefore, not be necessary to cover the ground again. We need confine ourselves to the main lessons the past experience has to teach and draw upon them for the future of Panchayati Raj.

Panchayats contemplated since the First Plan

I.2 With the dawn of freedom, thought had to be given to the method of involving people in their own welfare in a democratic state. Adult franchise spread the participation of the people in the selection of their representatives in the legislatures of the States and the Parliament of India. This by itself was not sufficient for the attack on the basic problems of a welfare State. As a first step, States started through legislation to renew the old concept of Gram Panchayats and Gram Sabhas, so that people's involvement in their affairs at the grass-roots can be started. This approach was reflected in the First Plan document which referred to the need of "establishing over a period of years panchayats for villages or groups of villages". They visualised civic and economic activities for a village community as one of the functions of panchayats. This concept was added on by Community Development Programmes started in 1952. Along with this concept it was felt necessary to build up an administrative system which can tackle the welfare problems of growth at the local level. The National Extension Service followed Community Development as the vehicle through which idea of Community Development will be worked. The service was constituted at the block level with a network of Village Level Workers. The public participation at the block level was

through nominated representatives of the public. As experience of this new approach grew, a feeling also developed that probably the public involvement was not representative enough and as such not effective. This was reflected in the Second Plan document where there was reference to the necessity for speeding up the development of democratic institutions within a district. They invited attention to enhanced responsibilities of the district administration. This came in the wake of an attempt to disaggregate the State plans into district plans. It was therefore, reiterated that "unless there is a comprehensive village planning which takes into account the needs of the entire community, weaker sections like tenant-cultivators, landless workers and artisans may not benefit sufficiently from assistance provided by the government". The Plan visualised democratic structure of administration within the district in which village panchayats would be organically linked with popular organisations at higher levels.

Balvantray Mehta Study Team

I.3 The Balvantray Mehta Study Team was appointed in January 1957 to study and report on the Community Development Projects and National Extension Service with a view "to economy and efficiency" and, among others, "for the assessment of the extent to which the movement has succeeded in utilising local initiatives and in creating institutions to ensure continuity in the process of improving economic and social conditions in rural areas". The Community Development Projects and National Extension Service envisaged the necessary inputs, coordinated action and provision of staff on the developmental side. They also sought additional changes. A schematic budget for the comprehensive development of the block was made available by the Government of India; it was also to be made operative, at the block level, with the help of nominated advisory committees. The National Extension Service created for the first time a development entity separate from the revenue administration. It was this institutional framework which was to be considered by the Balvantray Mehta team.

Balvantray Mehta Study Team's main thesis

I.4 The Balvantray Mehta Team offered two broad directional thrusts: first, it argued that there should be administrative decentralisation for the effective implementation of the development programme and that the decentralised administrative system should be under the control of elected bodies. As the authors of the report would put it, "Development cannot progress without responsibility and power. Community development can

be real only when the community understands its problems, realises its responsibilities, exercises the necessary powers through its chosen representatives and maintains a constant and intelligent vigilance on local administration. With this objective we recommend an early establishment of statutory elective local bodies and devolution to them of the necessary resources, power and authority". This, according to the report, was the meaning of democratic decentralisation in operational terms. Secondly, the basic unit of democratic decentralisation should be located at the block/samiti level. They contemplated just an advisory role for the district tier.

Establishment of Panchayati Raj

I.5 The National Development Council "affirmed the objective in introducing democratic institutions at the district and block levels and suggested that each State should work out the structure which suited its conditions best." Thereafter, based on the broad suggestions of the Balvantray Mehta Study Team most of the country was covered with Panchayati Raj Institutions in the succeeding decade. The total number of Gram Panchayats covered 90 per cent of the rural population. 4,974 blocks had 4,033 samitis, since some had opted for districts and talukas as the key unit. Out of 399 districts, 262 Zilla Parishads were also conceived with varying degrees of actual power. (For the number of panchayats and tiers see Annexure-1).

Structural and operational profiles

I.6 A bird's eye view of how Panchayati Raj Institutions have fared in some States would provide valuable insights into the structural and operational aspects of Panchayati Raj. It may be stated as a general provision that in a country of India's size and diversity, certain unevenness in performance is inevitable. Historical vicissitudes further complicate the picture. Structures and functions have been changing over the years. In Assam, there have been shifts in the tiers and functions assigned; the prevalent ones are the Mohkuma Parishad at the sub-divisional level and the Panchayat with a population of well over 15,000. In Andhra Pradesh, the Zilla Parishads, endowed with limited executive functions, have shown encouraging results in areas like education; the performance of Panchayat Samitis too has been noticeable. In Bihar, the Zilla Parishads were introduced only in 8 districts, but were soon given up. In Rajasthan, which, with Andhra Pradesh, was the first to introduce Panchayati Raj, the Samiti tier worked with enthusiasm in the initial phase. Tamil Nadu and Karnataka do not have the Zilla Parishad, in the sense of a body endowed with executive functions; but the

Samitis/Taluka Boards there have done well. The performance of the Samitis in Tamil Nadu, in regard to education, water supply, roads and nutrition, has received wide appreciation. In Kerala, where there were only Village Panchayats but some of a size which could amount to half a block, the working has been extremely satisfactory in the field of many municipal and civic functions; it is worth noting that, in spite of different political parties being represented on the elected body, there was the needed harmony in implementing the programmes assigned to them as also in monitoring certain developmental projects. In Uttar Pradesh, a large number of small panchayats were set up together with Zilla Parishads with very limited powers. They could not achieve much owing to extreme paucity of powers and resources. In Madhya Pradesh, the Act embodying the scheme of democratic decentralisation was sought to be implemented in a piecemeal manner—an approach that proved counter-productive. As far as West Bengal is concerned, it has weaned away from what seemingly was a four-tiered structure to a three tiered one with larger gram panchayats. Deviating from the Balvantray Mehta report, a three-tier structure with the first point of decentralisation at the district level, was organised in Maharashtra and Gujarat and it has functioned effectively, particularly in the field of decentralised planning and development. The District Councils in North Eastern India have features which are worth studying.

Phases of Panchayati Raj

I.7 The story of Panchayati Raj has been a story of ups and downs. It seems to have passed through three phases: the phase of ascendency (1959—64); the phase of stagnation (1965—69); and the phase of decline (1969—77).

Weakening of Panchayati Raj

I.8.1 A number of developments in the past have conspired to undermine the Panchayati Raj structures and made them ineffective. In fact, except in Maharashtra and Gujarat, the PRIs have been rarely given an opportunity to take up planning or implementational work on a sizeable scale. Broadly speaking, the miniscule programmes which were assigned to village panchayats or the few items of work which were part and parcel of the Community Development Programme were handed over to the newly elected Panchayati Raj Institutions. The essential idea that all developmental activities should flow only through the block level organisation lost ground, though Panchayat Samiti as a key unit of decentralisation was, in most cases coterminus with the block. In practice, there was a movement

in the opposite direction. Schemes like Small Farmers Development Agency (SFDA) or Drought Prone Areas Programme (DPAP) or Intensive Tribal Development Project (ITDP) were not brought within the purview of the elected Zilla Parishads either in Gujarat or in Maharashtra. The staff under the Zilla Parishad would execute the schemes though the programmes were kept outside their orbit. Again, in Maharashtra, the planning work was entrusted to a body outside the Zilla Parishad under the chairmanship of a Minister. Further, in the process of implementation of the transferred activities, here and elsewhere, a number of orders and directions by the State Government led to the gradual development of subsidiary legislation which would tend to curtail the decision making powers of the elected bodies. The staff spared by the State to the district and lower bodies also gradually came to consist of officers who were not wanted by the State Governments. There was also the phenomenon of the tapering off of the Plan allocation resources contributing to as also symbolising the decline of Panchayati Raj. Finally, the quantum of own resources contemplated for the panchayats were both meagre and their potential also was not exploited by the Panchayati Raj Institutions in good measure.

Structural inadequacy of PRIs

I.8.2 Will for strengthening the PRIs further weakened with the demands of developmental programmes being kept out of its orbit becoming stronger. The tempo of development administration in seed supplies, fertilisers distribution, promotion of minor irrigation or enforcement of the civil supplies regulations, procurement of foodgrains, or performance of other welfare functions required such an intensive effort the year round that all the available staff at lower levels had almost to be requisitioned back by the parent departments. It is the vastness and growing complexity of developmental programmes that has sometimes been used as an excuse for by-passing the PRIs in the name of their structural inadequacies without PRIs being entrusted with these challenging tasks.

Role of Bureaucracy

I.8.3 Bureaucracy had probably its own role in dissociating the PRIs from the development process. Several factors seem to have conditioned their perception. The system of line-hierarchy would find favour with them as an organizational principle. The officers would feel that they are primarily accountable for results and financial proprieties to the State Government. The officials knew no better than to trust their own fraternity. They would, on the one hand, therefore, be

averse to PRIs being entrusted with additional functions and on the other would not easily get adjusted to working under the supervision of elected representatives. The new developmental tasks and their load also became such that the bureaucracy had to commandeer all the available staff and, in the process, withdrew what was available for the block. Further, as a natural corollary of this pull for withdrawal, the influence of the field bureaucracy in decision-making waned with time and that of secretariat or departmental heads increased. The field bureaucracy was further handicapped because the elected representatives also quite often failed to own and work with them.

Political will weakens

I.8.4 In sum, an overview of the national scene would indicate that the activities of PRIs were meagre, their resource base weak and the overall attention given to them niggardly. The functioning of the Panchayati Raj system thus became discouraging. As if this was not enough, some of the State Governments would postpone the holding of elections or supersede some of the important tiers of PRIs for one reason or the other. The lukewarm attitude of the political elite at higher levels towards strengthening of the democratic process at the grass roots was generally the crux of the matter. Of particular significance in this connection is the relative cooling off of enthusiasm of MPs and MLAs in some States towards Panchayati Raj, because they would perceive a threat in emerging Panchayati Raj leadership to their position in their respective constituencies. In the ultimate analysis, all this led to a weakening of political support to PRIs and of the administrative will to work through them.

Lack of conceptual clarity

I.8.5 Worst of all, there was lack of clarity in regard to the concept of Panchayati Raj itself and the objectives for which it should stand. Some would treat it just as an administrative agency; others as an extension of democracy at the grass roots level; and still others as a charter of rural local government. What is all the more intriguing is the fact that all these conceptual images would co-exist side by side tending to militate against each other at least in the short run. None of them could perhaps be seriously pursued. This led to a crisis of expectations all along the line.

Whys of dis-illusionment on Structural

I.9 In general, there has been disappointment with the working of PRIs which is traced, in stronger or milder terms, to a number of inadequacies and failures. PRIs are dominated by economically or socially privileged sections of society and have as such facilitated the emergence of ogligarchic forces yielding

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no benefits to weaker sections. The performance of PRIs has also been vitiated by political factionalism, rendering developmental trusts either warped or diluted. Corruption, inefficiency, scant regard for procedures, political interference in day-to-day administration, parochial loyalties, motivated actions, power concentration instead of service consciousness—all these have seriously limited the utility of Panchayati Raj for the average villager. It has also been argued that planning and implementation being a matter of expertise, require quick as well as complex arrangement of details and as such the inter-position of Panchayati Raj bodies has on the one hand adversely affected the pace of development administration and on the other has further complicated the problems of coordination.

The soundness of the system

1.10.1 Such a pessimistic appraisal is not shared by all. The basic soundness of the system, with necessary correctives, is strongly emphasised by many. They feel that the dominance of oligarchic elements is a malaise affecting the political system and vitiating the implementation of development programmes at other levels also. The democratisation process, as a component of modernisation, should tend to de-stablise traditional leadership in the long run. There could, however, be no shortcut to this process and as such no easy way to remove the influence of the entrenched groups except by referring the issue at regular intervals to the larger electorate. This is, however, not enough, unless a series of measures and provisions to protect the weaker groups and strengthen their active participation are taken. However, PRIs alone could not be picked up for blame in regard to the neglect of the interests of the weaker sections, as even the Government of India did not seem to have followed the lead in favour of weaker sections, recommended in 1961 by the Jayaprakash Narayan Committee till 1970 when it was revived with the slogan 'Growth with Social Justice'. It has also been argued that an excessive concern for factionalism and party politics often betrays an inadequate appreciation of the dynamics of competitive politics in a democratic society. It has been further brought out that the problems of corruption and inefficiency are embedded in the social complex and no level of polity is immune from them The same is true of procedural irregularities. Similarly, general factors like social milieu, situational compulsions, context of scarcity, mal-adjustment with a fast changing environment, inadequate knowledge and the like are wide spread and affect officials as much as they do the non-officials and that also at

all levels of the polity. Altogether, thus, Panchayati Raj should not be singled out for criticisms, failure and pitfalls which are not peculiar to it alone.

Panchayati Raj system not given a chance

I.10.2 It would, in fact, be wrong to conclude from the existing evidence that PRIs have failed in the sphere of planning and development. It is true that PRIs cannot be a substitute for physical and human inputs. For example, in agricultural development, irrigation facilities, consolidation of holdings, regulated markets, net-work of cooperatives, development of communication system and, above all, a peasantry proud of agriculture as a profession are the inputs for which PRIs in no way can be treated as a substitute. The story of development of the Punjab and Haryana would clearly bring this out. But it is equally true that given the inputs, if PRIs are involved in the developmental process, planning will be realistic, programming will cater to the felt needs and priorities of the people and implementation would evoke people's involvement and participation. The fact of the matter is that PRIs have not been given a chance to serve as a vanguard of development in village India. Wherever they have been given the responsibility to whatever limited extent, as in Maharashtra and Gujarat, they have done well.

Gains of decentralised democracy

I.11 Summing up, we can say that it will be wrong to think that Panchayati Raj should be viewed as a God that has failed. It has many achievements to its credit, the more important of which may be identified here. Politically speaking, it became a process of democratic seed-drilling in the Indian soil, making an average citizen more conscious of his rights than before. Administratively speaking, it bridged the gulf between the bureaucratic elite and the people. Socio-culturally speaking, it generated a new leadership which was not merely relatively young in age but also modernistic and pro-social change in outlook. Finally, looked at from the developmental angle, it helped rural people cultivate a developmental psyche.

CHAPTER II

DYNAMICS OF DEVELOPMENT

II.1 Democratic institutions articulate their structures in terms of their functions. The functions, in their turn, are determined by the possibilities of development. This has been particularly so in the field of rural development where new technology, new services and new institutions took considerable time to be conceived and organised. However, once the momentum was generated, it has continued to gather strength. Over the past twenty years, the horizon of development has greatly widened in the wake of numerous changes in the various facets of the economy. The institutional, structural and functional contours of Panchayati Raj have to be in conformity not only with the accelerating pace of development but also with the developmental strategies and policies that have evolved over a period of time. The Panchayati Raj Institutions have to be so designed that they can become effective channels of people's participation in growth—economic, social and political. This remains a basic premise.

Governing objectives of developmental thrusts

II.2 Eversince India embarked on its quest of economic development, it has sought social betterment of the less privileged. Social content of growth gains substance as economic growth gathers momentum and the deprived awaken to their rights and claims. With the unfolding of those two forces our developmental efforts have gained accent on social change. Economic betterment and social equality, involving quickening of change in the conditions of the least privileged, have made egalitarianism the governing objective of development strategy. The Panchayati Raj Institutions in the current context have to be an embodiment of this new thrust.

Changing context

II.3.1 In 1947 the country could look back only to stagnant agriculture—for half a century the production had remained almost unchanged, except in a few crops like cotton and sugarcane. The position after independence worsened because some regions from which food surpluses used to flow, had gone to Pakistan. It meant relying upon wheat imports from Pakistan, as India had to depend upon rice imports from Burma after 1937. This vulnerable position led to exclusive emphasis on "Grow More Food" to the neglect of other considerations. The GMF campaign was attempted mainly through the expansion of

the area of cultivation. Another means of stepping up of agricultural production was through extension of irrigational facilities. But in most parts of the country, the peasantry was not attuned to wet farming and the learning period was fairly long, though a number of major irrigation projects were taken up. Minor irrigation could not assume its current importance either, because, among other reasons, harnessing of power for it was still a novel idea. Consequently, from traditional agriculture larger output had to be coaxed out.

Community Development Programme

II.3.2 Towards that end, Community Development and National Extension Service programmes were launched. They were expected to enthuse the rural population and enlist their cooperation in development. These programmes aimed at the development of both human and material resources and began the task of constructing economic and social infrastructure in rural areas. One valuable result of that was the rapid expansion in area under crops; between 1950-51 and 1960-61, gross area sown increased by 20.9 million hectares, of which foodgrains accounted for an increase of 18.3 million hectares. The average production of foodgrains during the triennium ending 1961-62 was about 23.5 million tons higher than that for the triennium ending 1951-52. The scale of intensification of agriculture, however, was limited, because the where-withals for technological and institutional services were still in an embryonic stage.

Changes since Balvantray Mehta Study Team Proposals

II.3.3 In examining the working programmes of the Community Development and National Extension Services, the Balvantray Mehta Team had recommended, as stated elsewhere, the scheme of democratic decentralisation involving popular supervision and control at the block level. Since the publication of the Team's report in 1957, the rural economy in India has registered many changes, many of which could not be envisaged at that time. It is necessary first to review broadly the changes, then to evalute their future and, finally, to consider their possible impact on the structure and functions of the Panchayati Raj Institutions.

Emerging perspectives of dynamics of development

II.4 Before going into the details of dynamics of development, we would like to draw attention to two broad features of the changed context in rural development: first, a growth in the developmental activities and secondly, significant changes in their strategies. These will necessitate grass-root level mobilisation and higher-level coordination and supervision on a scale

and spatial scatter which the State Governments would find increasingly difficult to handle on their own with the existing systems or organisations. This provides both a perspective as well as the rationale for our detailed survey of a much covered ground because we are trying to discern the institutional requirements of development management in the changed developmental context.

Review of Changes

II.5 In the many changes to be reviewed those in agriculture are particularly striking. These developments are important because agriculture would continue to mould not only the economy but also the rural society for decades to come. Developments in agriculture

II.5.1 The amount of agricultural dynamism which has entered rural India can be seen from the fact that in the short span of 15-16 years since 1960-61, the total foodgrains production rose from about 82.00 million tonnes in 1960-61 to 121.00 million tonnes in 1975-76. Some crops registered impressive increases: wheat production going up from 11 million tonnes to 28.8 million tonnes (162 per cent), Bajra from 3.3 million tonnes to 5.7 million tonnes (73 per cent) and maize from 4.1 million tonnes to 7.3 million tonnes (78 per cent). The rates of growth achieved in Indian agriculture since 1960-61 are significant not on account of their magnitude but mainly on account of the fact that they involve for the first time a number of administrative, technological, social and structural changes and innovations which have begun to penetrate rural India and make a dent into its traditional concept of changelessness. Such factors and change-agents are bound to continue to operate with growing acceleration. Growth in output

II.5.2 In this context, it is important to note that the very term "agriculture" has undergone a metamorphosis in recent years and no longer connotes merely farming and production of foodgrains. It covers not only non-food crops, horticulture and market-gardening, but also such non-farming activities as animal husbandry, farm and social forestry, marine and inland fisheries, piggery and poultry, apiculture and sericulture, etc. The enlargement of the definition of "agriculture" to embrace "allied" activities is specially relevant because the programmes and projects in the "allied" sector open up opportunities for the members of the weaker sections, specially Scheduled Castes and agricultural labourers who, normally, remain outside the growth process in agriculture *qua* agriculture. This adds a Change in Scope

much-needed social 'corrective' to the process of devlopment and has potential for welcome changes in the consumption pattern of the villagers. The elasticity of demand for 'protective foods' like milk and eggs, fish, fruit and vegetables is quite high even in rural India. This will provide further momentum to productive activities and also initiate a process of income growth and social justice for those sections of rural society whose occupation as well as products have been traditionally associated with low income and low social esteem.

New agricultural technology

II.5.3 Another factor on the agricultural horizon of India is the introduction of new technologies of which the High Yielding Variety Seeds is only an example. The range that genetic revolution has opened up since 1965, covers animal husbandry and fisheries also. The emphasis has now shifted from single crop to maximisation of production per unit area and per unit of time, by following multi-cropping and using high yielding, early-maturing cereal crops in conjunction with improved soil and water management practices. Since 1965, apart from the intensive cattle development effort, the cross-breeding policy also started. Similar was the special effort in fisheries. The management of rural development in the coming decades must be capable of absorbing the new agricultural technology and also open the window to the farmer through a number of organisations, for easy accessibility and diffusion of technology.

Technological Inputs

II.5.4 The stream of supply and demand for technological inputs for agriculture is likely to grow not linearly but exponentially. The total consumption of fertilisers in India is indicative of the spread of science-based agriculture. For example, fertiliser use increased from 306 thousand tonnes in 1960-61 to 2.8 million tonnes in 1973-74 and 4.3 million tonnes in 1977-78 with the consumption per hectare of gross cropped area rising about ten fold from the level of about 2.6 kg. per hectare in 1960-61 to about 25 kg. per hectare in 1977-78. During the year 1977-78 alone fertiliser consumption increased by as much as 8 lakh tonnes. Similarly, the total area covered under High Yielding Varieties rose from 9.20 Mha in 1968-69 (in 1960-61 there was no question of High Yielding Variety Seeds because at that time the scientific research for this purpose was in its initial stages) to 26.00 Mha in 1973-74 showing a nearly three-fold rise in five years and further to 38.00 Mha in 1977-78. While these figures might not be comparable with those of many advanced countries, either in the quantum of

consumption or in per unit utilisation, the impact of science-based agricultural practices is a trend to be noticed. Another important aspect is that in 1959-60, the direction in regard to these inputs was largely motivational and promotional. At present their utilisation has become an economic proposition and the activity is becoming commercialised.

Irrigation

II.6 One of the major components of the improved agricultural technology is the rationalisation of use of water and fuller exploitation of irrigation potential. It is noticed that, while the gross irrigated area grew at an annual compound rate of 3.18 per cent during 1960-61 to 1973-74, the 1978—83 plan postulates a growth rate of 5.54 per cent during 1978-79 to 1982-83 involving a step up of 75 per cent in the growth rate itself. Again, while the net irrigated area in India rose from 24.7 Mha in 1960-61 to 31.5 Mha in 1971-72, the area irrigated more than once was estimated to be 7.0 Mha in 1971-72 as against 3.3 Mha in 1960-61. Apart from the increase in net irrigated area, the increase in area irrigated more than once is indicative of the trends which are likely to continue. This will activate the rural areas, bringing up different types of organisational problems. This vista is now shaping the formulation of the 37 command area development programmes where the farmers will have to concentrate on the scientific water management practices. Besides a total planning for the command area, a well-knit field level work is on way for modernised utilisation of irrigation potential.

Minor Irrigation

II.7 The development pattern of minor irrigation has also thrown up significant points of interaction and coordination. A perusal of the data regarding 'Area Irrigated by Sources' shows that the area under canal irrigation has gone up from 10.37 Mha in 1960-61 to 12.76 Mha in 1971-72 while the area under well irrigation increased from 7.3 Mha in 1960-61 to 12.22 Mha in 1971-72. The number of dug-wells in 1950-51 was 3.96 million. By the end of 1977-78, the figure is expected to reach 12 million, a three-fold increase. Private tube-wells were 3 thousand in 1950-51; in 1977-78 the cumulative figure is expected to be 4 million, an astronomical increase. Public tube-wells were 2400 in 1950-51. They are expected to be 30,000 by the end of 1977-78. The increasing dependence of the Indian farmers on well irrigation, quite obviously, calls for a different organisational strategy in credit, in extension support and in cropping pattern than what is required for a canal-irrigated agricultural economy.

Energization of wells

II.8 The energisation of these dug-wells and tube-wells has added yet another dimension to the dynamics of development. It has been possible to tap ground water resources and reduce the time span as compared to major or medium irrigation schemes. There were only 2.0 lakhs of electric pumps in 1960-61; since then the number has gone up rapidly. Currently, 3.2 million wells have been energised. In 1975-76, about 28 lakh pump-sets consumed 8543 mkwh, while the projection for 1982-83 is that 53.0 lakh pump-sets would need 19,882 mkwh of energy. This phenomenal increase calls for a more sophisticated activity at the rural level in repairs, in servicing and in technically trained personnel.

Need for local-level orchestration

II.9 This shift towards schemes of minor irrigation which typically involve considerable number in small pockets and driblets calls for organisational coordination on a scale which the major and medium irrigation projects do not require. The local-level requirements for institutional orchestration of field-level activities in this sector are likely to go up even further in view of the "conjunctive" use of surface and ground water necessitating greater institutional linkages with local-level democratic organisations. The rapid extension of irrigation and of minor irrigation has already thrown up intricate problems of local-level management. In the case of minor irrigation better water management procedure with field channels, and in the case of major/medium irrigation the out-let level water utilisation on an equitable basis will need to be opened for public supervision as also beneficiary arrangements. Local arrangements of voluntary associations are gradually getting institutionalised for this purpose.

Agriculture comes of age

II.10 All together, the factors, components and changes mentioned bring out that the structural characteristics of Indian agriculture are no longer static. The food production in 1977-78 is expected to be around 125 million tonnes, the highest point reached so far. For the first time in the last 14 years, all the zonal restrictions within the country on the movement of foodgrains have been removed. The country has also a sizeable stock of foodgrains—nearly 19 million tonnes. Since the beginning of the current year, there have been no import of grains. In fact, the situation at present is such that India can provide food assistance to other countries.

Rural re-orientation of industries

II.11 The foregoing review of the changing facets of agriculture, 'allied' activities, irrigation and minor irrigation clearly reveals that an element of dynamism has irreversibly made its

entry into rural India and its development is bound to produce a multi-dimensional profile. Somewhat unexpectedly, a similar scenario can be perceived in the industrial sector of rural development also. As a result of R&D efforts in the development of "intermediate technology" here and abroad, the era of industrial stagnation in rural India is likely to draw to an end soon opening up new approaches and techniques for the maximum utilisation of material and man-power resources at localised production points.

Emerging shifts in industrial policies

II.12 The general trend, whether in centrally planned economies, developed market economies or developing countries of the Third World, seems to be to go in for technological shifts which make medium-scale and small-scale industries not only socially desirable but almost a natural compulsion. The new-found emphasis on conservation of non-renewable resources and utilisation of perennial sources of energy like wind and solar rays, holds portents for a new chapter for the rural industries which are, generally speaking, characterised by small-scale production and consumption in limited market range. These global trends are likely to make an impact on industrial policies in India as they are in harmony with the attempts at reorienting industrial policy and enriching India's march towards the villages.

Growth prospects of rural industries

II.13 In rural industries we can notice a big change as it existed in 1958-59, as it exists in 1978-79 and as it is likely to exist in 1998-99. A casual glance at the plan for 1978—83 would reveal the staggering nature of the functions which are going to devolve upon local organisations in the field of industrial development. This plan proposes a total outlay of Rs. 1400 crores on Village and Small Industries (V.S.I.) for the next five years which is nearly three-fold of the outlay provided for the Fifth Plan, with the production targets in different sectors of village and small-scale industries showing corresponding increments. The 1978—83 plan, for example, proposes to enhance the production capacity of the handloom industry from 2280 million meters in 1970-71 to 3700 million meters during the 1978—83 period i.e. a 60 per cent growth in five years after a stagnation of seven years. With a large number of measures introduced, the production of handicrafts, similarly, is expected to rise from an estimated Rs. 440 crores in 1977-78 to Rs. 800 crores during the 1978—83, a doubling of the output within a period of five years. These growth-rates for such traditionally stagnant rural industries as handlooms and handicrafts indicate that the dynamics

of industrial development is entering a new phase which must not be lost sight of while thinking about decentralisation, organisation, people's participation in rural development in the years to come.

District Industries Centres

II.14 One of the instruments devised during 1978 by the Government of India for industrial development management during the coming decades is the District Industries Centre. The establishment of the District Industries Centres is bound to give a great fillip to the schemes of rural industrialisation by providing an institutional set up at the district level for making available the necessary administrative, extension and technical inputs for establishment of rural industrial projects in the tiny, small-scale household, cottage and rural sectors. The set up at the district level would need considerable support at lower levels so that it can effectively contribute to rural industrial revitalisation.

Industrial training

II.15 Besides these thrusts, it is necessary to take into account the various specialised programmes launched during the seventies for training of rural artisans and upgradation of skills of industrial workers in rural areas. The coming decades would witness the institutionalisation of a number of projects and schemes to rehabilitate and revitalise the rural artisans and skilled workers by expanding the markets for their supplies and services. Some of these projects and programmes would not only result in revitalisation of the rural economy but have a direct relevance for the weaker sections some of whom are likely to find a new economic base once their traditional skills are upgraded and their products are marketed over a larger area.

Agro-industries

II.16 The process of rural industrialisation is likely to gain a substantial impetus as a result of the emergence of agro-processing industries and agro-industries on a large scale. The technology of dehydration, preservation, canning and agro-processing of food as well as cash crops is getting diffused into rural India; already in the case of coconut every part is processed in one form or another and similar efforts are afoot for chilli and other agricultural products. The development of fisheries, poultries, etc. would widen this process, opening up the rural hinterland for injection of several streams of industrial activities which have been hitherto located inside or on the fringe of bigger towns and cities.

Labour mobility

II.17 One of the emergent tasks of rural development pertains to labour management used in the sense of locational distribution, i.e. arrangement for mobility of labour from one pro-

ject to another project. While the importance of labour mobility is usually emphasized in the case of gigantic projects, the experience has shown that sometimes adequate labour is not available for a project even though appropriate manpower resources are lying idle in the same district or even the same block. The prevalence of the contractor system for execution of construction projects had obscured this problem from the attention of the development planners but, in the years to come, project planning would have to be based upon more intensive manpower budgeting and ways and means would have to be found to arrange labour mobility.

Institutional finance

II.18 Another eloquent indicator of the momentum of changes taking place in rural India is the rise in the absolute quantum of credit flowing into the rural sector in general and the increase in the percentage of credit flowing through the cooperative and other institutional channels. The latter figure rises from a bare 3 per cent in 1950-51 to 16 per cent in 1960-61 and reaches nearly 40 per cent on the eve of the launching of the Plan for 1978—83. In quantum terms, the loans advanced by the Primary Agricultural Cooperatives have gone nearly five-fold up from Rs. 379.8 crores to Rs. 1750.8 crores in 1973-74. The credit outlay of the commercial banks into the rural sector is also comparatively noticeable. The present estimate of the total credit outflow by the end of 1983 is anticipated to be over Rs. 7500 crores which on an average can be computed to be about Rs. 19 crores per district. The availability of institutional finance on such a large scale outside the State budgetary resources is a totally new factor in the structure of the rural economy and its impact is bound to relax the constraints on resource mobilisation and project-financing.

Rise in savings

II.19 The credit outflow for productive uses may be looked at from the point of the total savings also. The percentage of 'domestic saving' of the net domestic product at market prices was 6.1 in 1958-59 and is 16.5 in 1977-78 and is estimated to be reaching 20.5 in 1982-83; while it is Rs. 15,680 crores in 1977-78, it may go up to Rs. 24,790 crores by 1982-83. This has a sizeable impact on the developmental process in many areas both in public investment as also private outlays. Generally, the rural bank offices have increased from 1838 in 1969 to 8842 by 1976. The attempt should now be to build up this potential and encourage savings and their investment.

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Regional Rural Banks

II.20 Amongst the numerous newly-opening sources of institutional finance, the Regional Rural Banks deserve a special notice because they have been specially chartered to provide credit only to "small and marginal farmers, agricultural labourers, rural artisans, small entrepreneurs and other persons of small means engaged in any productive activity." The functionality of this strategy of institutional targetting has been borne out by the brief experience of the working of the Regional Rural Banks. The 767 branches of the Regional Rural Banks had shown about Rs. 15.6 crores of deposits by end of June, 1977, though they were established only in the later part of 1975. The success of this experiment would mean an acceleration in the expansion of institutional finance for rural development because the Regional Rural Banks have shown the way for obtaining a proper mix of social and economic objectives.

Special programmes

II.21 Another change in the profile of rural development may be noticed. During the sixties and seventies, a large number of special programmes and specialised agencies like Small Farmers Development Agency, Drought Prone Areas Programme, etc., were created to execute some developmental programmes directly. Some of the 'Agencies' were created to achieve financial and administrative decentralisation, as also to have a single point directional centre for tackling the target groups. This is a significant development in administration, in financial decentralisation, in points for coordination as also in the linkages with different streams of activities needed for the development of the target groups. Some of these special agencies like the S.F.D.A., M.F.A.L. and T.D.A. are organised on the "target group" approach and some like Command Area Development, Hill Area Development, Drought Prone Areas Programme, etc., are based on the "area development" approach. As many as 340 districts are already covered by these and other area specific incentive programmes. It is already under contemplation that all these specialised agencies be integrated at the district level/block level so that a composite action would ensue for the respective groups or areas.

II.22 Apart from the establishment of Centrally-sponsored special agencies/programmes, another feature is the emergence of a number of State-sponsored institutions and agencies and Corporations invested with the responsibility of promotion and management of different facets of rural development. Some of these corporations are providing institutional finance for various

development projects and they are also engaged in providing technical inputs including preparation of technically feasible project-reports for developmental activities. The consultancy services made available by such institutions will be an important promoter of rapid rural economic development as well as of ensuring the needed social change in the coming decades as this form of institutional management easily lends itself to targetting towards the vulnerable sections of the society.

Sub-Plan Strategy

II.23 Another organisational aspect to be taken into account is the "Sub-Plan" strategy for tribal development since the early seventies. The distinction between tribal development and rural development which this strategy seemingly generates would have to be taken into account while designing the overall policy for integrated rural development in the years to come.

Revised Minimum Needs Programme

II.24 An important programme which will envelope the rural areas intensively is the Revised Minimum Needs Programme (RMNP). This is intended to provide the essential infrastructure and social services, "which the public sector alone can supply, to the weaker sections of the population, particularly in the rural areas." The Programme for 1978—83 covers elementary education (32 million children), adult education (to make 66 million literate), rural health (one public health centre for every 10,000 population). water supply, (one lakh villages lacking safe water supply), roads, rural electrification (40,000 villages to be electrified by 1982-83), provision of sites (8 million landless families to be provided developed plots) and other help for housing landless rural labour households and nutrition. The total outlay during 1978—83 is over Rs. 4100 crores, and about Rs. 1000 crores in 1982-83 directed mostly towards the rural areas. The implementation of this programme requires assessment and project development at micro-level. The items for action would be far too many and far too dispersed to be centrally handled.

Marketing

II.25.1 The foregoing review of the developmental momentum already generated into rural India shows that one of the major challenges of the next decades is going to be in the field of marketing. The villager and the villages are being increasingly drawn into ever-widening circles or circuits of input supplies and product sales. The sales-purchase operations of a large majority of villagers would be, of course, confined to the minimum both areally as well as monetarily, but the example of rice-growers in Punjab and wheat-growers in some other

parts who are farming for the market is a telling indicator of the possibilities of extra-local linkages. The amount of cereals procurement from six States (*viz.* Andhra Pradesh, Haryana, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh) has gone up from 6.4 million tonnes in 1972 to 8.0 million tonnes in 1977 on the central account procurement showing the latent availability of cereals for extra-local consumptions. The growing volume of transactions in the sphere of handlooms and handicrafts would provide another illustration of the tendency of development of extra-local linkages in rural India. The instance of Operation Flood, where a large quantum of milk and milk products are marketed outside the village is another concrete situation of the expanding trade activities. The rising demand for rural credit reveals the obverse side of the tendency, *viz.* the growing capacity of the Indian villagers to absorb additional extra-local cash flows.

Export potential

II.25.2 The trans-village transactions have naturally assumed a greater importance in the case of cash crops like cotton, sugarcane, cashewnuts and ground-nuts. On account of the dynamic possibilities of growth in their case a number of policy initiatives and institutional innovations like Corporations for making available the necessary inputs, credit and marketing have already been carried out and more are on anvil. Some of these crops have a great export potential too and a number of specialised agencies have been created to harness it. With the progress that Indian agriculture has registered, there will be a steady export surplus in foodgrains also. The distinction between cash crops and food crops will begin to blur.

Widening Markets

II.26 The marketing operations seem, in fact, to postulate a sharp growth in the number, range and frequency of sales and purchase transactions inside a village or a group of contiguous villages. Properly handled, the expansion in the output of 'allied' activities and rural industries as well as crop farming should lead to a widening of the production-consumption cycle at the local level; in some commodities, it should provide non-rural trading and marketing channels with the rural producers getting a fair return for the commodities.

Development of regulated markets

II.27 The striking growth in trans-village exchanges in the rural areas during the recent years has two clear implications for rural development. In the first place, marketing must be given a priority in all schemes of rural development not only for input supplies but also for output sales which really increase the income levels and assist specialisation of production by

different producers. Secondly, marketing being somewhat complicated, an institutional set up would be needed to facilitate its fairness and real advantage. 3000 unorganised points in Uttar Pradesh for the sale of 8 lakh tonnes (1978) of foodgrains could work to the disadvantage of the farmers. A large number of 'informal' market centres already exist all over India in the villages in the form of the traditional hats and shandies. Their activities would have to be properly integrated and regulated at the appropriate levels if the unsophisticated rural producers are to get a fair return for their labour and capital investments.

Marketing and infrastruture

II.28 Marketing is not merely an "economic" activity; it is essentially a physical process and requires not only the development of roads and other means of transport and communication but a series of ancillary and auxillary facilities like warehousing, refrigeration, packaging and processing. This is specially relevant in case of the products in the 'allied' sector and village industries. Concrete programmes for making available these facilities nearer the production points have been suggested by a number of bodies like the National Commission on Agriculture and the Khadi and Village Industries Commission, while a number of State-sector Corporations have begun to enter the rural areas with a package of services for warehousing, cold storage, agro-processing and merchandizing. The development impact of the operations of these public sector agencies would soon be felt by the producers as well as institutions of self-government in rural areas.

Rural-urban continuum

II.29 As a part of the process of increased commercialisation of agriculture, growing dependence on extra-local supplies of inputs and search for market avenues by the farmers and producers in the allied sector for their diverse products an urban-rural continuum is growing. Smaller towns with a population between 20 to 50 thousand are becoming a part of the rural scene, though functioning under a different legislation; these are capable of sharing the economic activities of the rural areas, and an inter-dependence is inevitable both for economic reasons and welfare pre-requisites. With a total population of 15.3 million in 1941 and 18.8 million in 1961, the small and medium towns (*i.e.*, those with a population below 20,000 each) have been almost stagnating during the last three decades as shown by the fact that their total population has declined to 18.5 million in 1971 and even the towns in 20000-99999 range have registered

a decennial variation of only 22.6 per cent during 1961-71, while the average growth rate for the country as a whole was as much as 38.2 per cent. According to some analysts, this lag in the commencement of the growth phase of small and medium towns while the bigger towns are steadily growing bigger, reveals the weakness of structural relationship between the urban systems and rural sector so that, despite achievement of overall economic development, the small and medium towns have yet to develop functional linkages with their rural hinterlands. A number of conceptual frameworks have, however, been evolved in recent years in order to trigger off the development of small and medium towns as growth poles and growth centres. All of these call for a greater volume of transactional linkages between small and big villages with small and medium towns and as these policies and strategies reach the implementational stage, the need for institutional changes to take into account the urban-rural continuities would be increasingly felt.

Rural demand for Municipal services

II.30 Apart from the historical trend of spillover of urban centers into the contiguous villages and the newly emerging trend of expansion of "rural" occupations and 'allied' enterprises inside the urban centres, a trend for supply of "municipal" services like water supply, street lighting and public health, is growing. This development would, therefore, postulate that the technical expertise for management of municipal services would also have to be made available, on an increasing scale, to a large number of villages. Even if a village was shown in official record as 'electrified' there was hardly any organised effort to improve the domestic or public consumption of power. The demand for this (and other similar public municipal services) is, however, likely to go up rapidly in the rural areas in the years to come and the traditional administrative and organisational devices which worked very well in the provision of public utilities in the urban centres would need constant revision and adaptation in the rural areas.

Growth centres

II.31 A noticeable development in the conceptualisation of rural development, though not yet rendered fully operational at the field-level, is the emergence of the idea of "Growth Centres" to activate rural development. In some States the exercises to carve out such 'growth centres' are in an advanced stage, while others are experimenting with pilot projects in this regard, taking into account the varying resource endowments, marketing situations and other servicing possibilities. The

basic premise of the 'Growth Centre' strategy is that there are considerable functional inter-relationships in the process of economic growth which administrative policies should be geared to take into account. Policy makers and planners are also becoming fully sensitized towards the utility of these tools for management of rural development and such policy thrusts are likely to get more institutionalised in the near future. The existing administrative boundaries or areal units may not necessarily be most appropriate from the point of view of economic planning or development management. Panchayati Raj structure and planning for the coming decades has to take into account the emergence of this idea in States as also at Central levels.

II.32 These growing and changing facets of agriculture have brought into sharp focus the importance of community action or group-action for taking full advantage of the emerging technologies and techniques most of which are either too large or too scattered or both to be absorbed by individuals acting on their own volition and in isolation from their neighbours and potential cooperators. Even in a stagnant situation of using whatever was the practice or extending the area, the importance of community action as in Community Development and National Extension Service Block was recognised. The events subsequent to 1965 have made the technology and input activities more intense and wider than earlier. The research element has to flow from the university to the farmer. A continuous updating of the knowledge of the "transmitter" is becoming necessary. The previous concentration levels of field-level workers have been found to be inadequate and new training and visit delivery systems based on a given number of families and not on village basis are already being devised for the purpose. The operation Flood Stage II scheme covering 10 million families, the creation of clusters, the building up of basic processing facilities in rural milk sheds, arranging for epidemiological surveillance and control and manpower development for cluster federations are of a scale and intensity that they are bound to affect the panchayat areas covered by the scheme. Again, the 'package' of improved agricultural technology has been enlarged many times and many more items are likely to be added in near future as our knowledge about inter-cropping, multi-cropping, agro-climatic zones, water-shed management, farm forestry, fodder and grass-land cultivation, scrub jungle

Community action

cultivation, dry land farming etc. increases. With attention turning to proper management of scarce land and water resources, there will begin shifts from low value to high value crops and to conversion of poor land from farming to pasture. The further stage is now envisaged where spatial distribution, community and group action will become the impotant features in agriculture. Some illustrations will be pertinent here:

(a) Community based activities:

(1) Integrated Plant Protection measures and pest-management.

(2) Integrated post-harvest technology operations covering harvesting, threshing, drying, storage and marketing.

(3) Distribution of water from an outlet.

(4) Construction and maintenance of field channels, tanks, reservoirs etc.

(5) Drainage of water-logged areas and related activities.

(6) Application of risk prevention technology including early warning to weather calamities and pest epidemics.

(7) Soil conservation and land development work including construction of Bunds, treatment of ravines and gullies, adoption of soil conservation practices in tank catchment areas, consolidation of holdings and adoption of land reforms and land management legislation.

(8) Control of deforestation and quarrying operations, protection and regeneration of forests.

(9) Community approach required in an effective transfer of technology in the sense that proper organisation at the community level be built through which knowledge can be spread to each individual farmer.

(b) Development of local resources including composting, sullage, setting up of Bio and Gobar gas plants, utilisation of tank and reservoir silt, green manuring and fodder development.

(c) Certain activities, though controlled by an individual farmer, to be organised for the benefit of the community as a whole, *e.g.*, community nurseries in rice, production of improved seeds and nurseries

in respect of other crops.

(d) Development and management of common assets, *e.g.* social forestry, management of common lands, including waste lands, community tanks, reservoirs, fish ponds, hats and bazar.

Conjoint nature of development activities

II.33 One of the characteristics of the emergent technologies of rural development, is their inherent scale-imperative to which a reference was made earlier. Integrated pest control, for example, cannot be restricted to one farm or even one village or block but must be simultaneously undertaken over a large area, lest a single non-adoptive farm can vitiate the whole process. Irrigation projects can be meaningful only if all the potential beneficiaries can be persuaded to undertake construction of field-channels and ensure proper water management avoiding either wastage or drainage problem. The success of any programme of cattle development depends not only on the distribution of hybrid varieties of livestock to eligible beneficiaries but is critically dependant upon the establishment of a delivery system which can ensure timely supply of the food and fodder for the livestock so distributed. Programmes for recycling would be assuming more and more importance in the rural community and this cannot begin to get off the ground unless the individual contributions of a large number of households are pooled together in a series of conjoint activities.

Social focus on the weaker agriculturists

II.34 While concentrating on imparting additional impetus to rural development an important aspect which has become increasingly relevant is the need to devise special programmes focussed on the small and marginal farmers whose agricultural operations do not meet the criterion of economic viability because their land holdings, whether owned or operated, are too small. According to the 1970-71 All-India Agricultural Census there were in all 70.5 million operational holdings in India out of which 35.7 million *i.e.*, nearly 50 per cent are less than one hectare each and 13.7 millions are between 1 and 2 hectare each. The emergence of this new "target group" would, however, call for a series of organizational innovations because these beneficiaries do not possess adequate economic strength to come forward on their own to take advantage of the new inputs being injected into rural India. A number of special programme and projects for their economic betterment have already been launched but their spread as well as penetration would go up substantially as the social objectives of economic development gain pro-

minence and necessitate new patterns of organisation to raise the techno-economic standards of the small and marginal farmers.

II.35 Rural development in the coming decades would, in other words, necessitate social action or community action on an increasingly large scale. The social spirit would be fostered alongside in each of these processes. This, in effect, is the revival of the village community for specific action which is now being provided at a number of points, which are of concern to them to build up their economy.

Family welfare

II.36 One noticeable feature of India's development during the last three decades has been the erosion of economic gains on per capita basis because of unchecked increase in population. There has not been a commensurate decline in birth rate compared to that of the death rate. The existing death rate, particularly infant mortality in rural areas, is still quite high and needs to be brought down. There has to be corresponding anxiety for lowering the birth rate. Fewer children better looked after will improve the quality of life and welfare of the family. Net-work of facilities provided by maternity homes, clinics, health centres for the rural people needs to be strengthened. With active participation of the people the institutions of local government can more effectively utilise as well as augment resources earmarked for the purpose. Side by side, simultaneously with the family-wise approach in development programmes, family-wise approach for family welfare has to be made, particularly in the case of the 107 million eligible couples. The incontrovertible fact remains that improvement of levels of living through developmental programmes will be in direct relationship to success in family planning.

Administrative innovations

II.37 One of the inescapable implications of the emerging dynamics of development as outlined above seems to be a phenomenal increase in the spatial scatter of rural development. So long as the plan priorities had to be designed for capital-intensive industries and large-scale irrigation and agricultural projects, the number of action-points at which the bureaucracy was required to be deployed was rather small, but the increasing rural-orientation of plan investments has already enlarged the number of action-points well beyond the capacity of the existing machinery for development administration. The State-village pipelines to which the administration till now are used to will not be adequate for implementation of much larger, more varied pervasive programmes.

II.38 As it should be evident from the above description, rural India of the eighties and nineties and the succeeding decades is going to be characterised by a developmental momentum which has been steadily gaining strength since the fifties, propelling the rural economy towards economic diversification; purposeful social change is now to be sought. The impact of science and technology in agriculture, allied sectors and in small industries is such that a large number of individual families are drawn into its vortex. This under scores high-level technical support to them and local level organisation. The policies and strategies initiated since 1951 in general and since the availability of the Balvantray Mehta Study Team's report in 1957 in particular have made it possible for us to think of galvanising the socio-economic re-vitalisation of the village communities. The village community has long laid dormant under a stagnant agriculture and decay of the traditional rural industries and technological skills. The economic stagnation of Indian villages is in no small measure responsible for poisoning the quality of their social life by introducing a "zero-sum game" attitude towards distribution of economic inputs and outputs as also for the perpetuation of exploitative relationships of caste and land holding. The increasing commercialisation of agriculture, renewed emphasis on rural industrialisation and upgradation of skills, development of remunerative non-farm enterprises like fisheries, piggeries, poultries and, above all, milk farming, electrification and energisation of dug-wells and tube-wells and considerable enhancement of minor irrigation facilities are some of the developments, detailed earlier, which, in our opinion, would make it possible for us to view the development prospects of rural India in a new light. The new structures that we may design for rural development administration or local-level development management have to take into account the functional necessity of propelling the ongoing train of development. They should be able to build upon the momentum at appropriate levels, and transmit the impulses to the farmer through action suited for the area.

Need for democratic development management

II.39 Development of rural India in the coming decades is, as seen earlier, going to be, essentially, a two-way flow-process with extra-local finances, and technical expertise and institutional supervision flowing to the villages and individual villagers belonging to all sections of the rural economy and rural society; local or village-produced outputs flowing out of one rural

locality to other rural locality as well as non-rural localities. During the coming decades the Panchayati Raj Institutions have, therefore, to be equipped to undertake "development management" under conditions of rapid changes, continuous growth and sustained innovations in all spheres of rural life.

Design for Decentralisation

District-based decentralisation

II. 40.1 One institutional inference that we can draw from the foregoing scenario is that the technical assistance and organisation of a high order is necessary to sustain the momentum. While the State Government has the requisite competence in this regard, the work is even now being decentralised at the district level. When a process of administrative decentralisation is already taking place, analysis of the changes, and of the ensuing development emphasis point to the need for democratic management of rural development below the State level so that the entire programme can be effectively implemented, co-ordinated and supervised. The inescapable compulsion is that the first point of decentralisation should be at the district level.

II.40.2 District heads of sufficient competence are already stationed here. Their capabilities are also being upgraded both in industry and agriculture sectors. A group of subject matter specialists in agriculture is being stationed at the district headquarters. The District Industries Centre will have a component of experts with different specialisations; a district planning unit has been separately suggested with technical expertise in several fields. The district is also traditionally a unit of administration to which all are acclimatized. Further, it is the key planning unit for evolving the overall strategies, resource allocation including credit and the delineation of the different types of projects. Further, experience shows that higher level leadership also can emerge at this level. The establishment of a strong panchayat tier at the district level appears to respond both to organisational needs within the district and the demands of emerging linkages with the State.

II.41 At a level lower than the district, the features recapitulated in earlier sections seem, according to our judgement, to be pointing towards an areal-unit for decentralisation which is capable of handling the technical or technological requisites of rural development. A trade off between areal decentralisation and technology distribution has to be achieved. The number of location-specific action points increase once the "target-group" and family approach is extended to more and more

schemes pertaining to rural credit, agricultural inputs or industrial marketing. Further, the projects requiring common action, going beyond village boundaries, have been increasing. The size of the base-level panchayat will have to be such that can facilitate such handling of the new span and stationing of the required level of services. Otherwise, the panchayats will not be able to be dynamic vehicles of the socio-cultural change ensuring increased incomes and better standards of living.

II.42 The State Governments should also recognise the social costs of directly administering a number of programmes from headquarters for a large number of territorially dispersed and disadvantaged sections of society. By delegating responsibilities for implementation to lower echelons, the State Government will be able to refine strategies, and effect modulations where necessary to accomplish the desired economic and social objectives. As development proceeds it will demand both larger employment and higher horse-power in agriculture. That will necessitate careful planning. The State Governments have to ensure that various "delivery systems" function in synchronisation and their enlargement and improvement are well coordinated. Above all, they can maintain a watchful eye on the weaker sections getting their share in the gains of development and partaking in the improvement of the quality of life and work. State's need to decentralise powers

II.43 In the wake of the dynamics of development outlined earlier, the Indian agriculture breaking out of its centuries-old "deficit-traps", and land based allied activities acquiring a new economic dimension, the developmental thrust will gain in strength. But that by itself will not alter the property structure in rural areas: 24 per cent rural households being totally landless, an equal percentage owning land less than one acre each—accounting for less than 1.5 per cent of total land owned by rural households. At the upper end 2.7 per cent of the households have holdings over 10 hectares each. Likewise, 20 per cent of the rural households have assets of less than Rs. 1000/- each. The marked inequalities in ownership of land—a scarce commodity—have to be narrowed and special care bestowed upon structuring of means whereby the benefits of "delivery systems" do reach the poorer households, notwithstanding their pitiful asset position. These tasks will transcend the capacity of the Panchayati Raj Institutions and demand involvement of the State Governments. By disengaging them-

selves from the field-level decision-making, they will be better placed to focus their attention on the crucial areas and issues in policy-making of rural reconstruction in tune with egalitarian urges.

Need to focus attention on emergent tasks

II.44 The States would see the pertinence of their decentralising certain functions so that they can concentrate more on the emergent tasks of higher research, continuing coordination, effective supervision and sustaining the stream of improved quality of extension services. The sheer increase in the volume of developmental activities in the rural areas should, in fact, make the State Governments realise that parting with powers relating to increasingly routinised aspects of development management would not involve any "loss" at all. The State level elective institutions should be left free to focus their sights on management of the challenges of development administration in areas such as rural industrialisation, agricultural modernisation and credit universalisation, planning for the strategy in fuller exploitation of natural resources.

Need for micro-planning

II.45 A transformation in the field of agriculture since the fifties has been a steady increase in the need for micro-planning and involvement of smaller clusters of families and villages in project formulation and implementation in rural avocations. Some of the spheres of activity where "community action" or "group action" is going to play an increasingly critical role have been identified above. The shift from area-based development to family-orientation or target-group approach also necessitates a shift in our ideas regarding the locus and framework of decision making authority.

Need for location-specific administrative coordination

II.46 The tasks which are going to figure increasingly with greater prominence on the agenda of development administration are, primarily, in the nature of locational specificities, which are such that they can no longer be handled from a State headquarters, either in terms of administrative implementation or hierarchical supervision. The development of agriculture for the weaker sections, the rural industrialisation with its accent on service industries, the upgradation of skills are special features in it. It is proposed to cover 2,000 blocks in 1978-79 with the main objective of providing full employment through productive programmes and make the family economically viable and self-sufficient. This programme will cover the whole of India in the Sixth Plan period. The identification of small farmers, marginal farmers and agricultural labourers has

progressed to a large extent and action on this has to be taken at the land-holding level. Though the total holdings cover only 20 per cent of the cultivated area, 70 per cent of our cultivators are small and marginal farmers. The opportunities unfolding for them must be recognised and identified. Individual minor irrigation works have to be located, technically supported and credit made available. Community irrigation works will have to be encouraged, fostered and organisation built up for execution. Several types of subsidies will have to be spared for different categories of rural activities as per the programmes approved. The distribution of milch animals per beneficiary, giving them training in feeding and maintenance, is a detailed field level task. So is the granting of assistance of three cows to a family or 50 layer poultry unit. There are many other: assisting plough bullocks, horticulture, custom service, fisheries, sericulture, farm forestry, bee keeping, soil conservation, all need decentralised action. Development work in future needs intricate designing and greater coordination which would be unwise to attempt at a State level. The entire Rural Development programme needs coordination at a decentralised level. This is not one that can be left only to official machinery. The need for locally elected organisations to supervise, coordinate and arrange for feedback is increasingly being felt by the State Governments themselves and it is here that Panchayati Raj as a system can provide the answer.

CHAPTER III

PANCHAYATI RAJ—AN IMPERATIVE

III.1 The logic of the argument in Chapters dealing with Review and Evaluation and Dynamics of Development should indicate in unmistakable terms that, both from the political and socio-developmental angles, it is imperative to decentralise power, planning process and developmental activities below the State level.

Political argument

III.2.1 The democratic process cannot just stop with the State level. The series of elections held for Parliament and State Legislatures have attuned the people to the democratic political processes and made them conscious of their power and rights as political sovereigns in the country. The establishment and working of democratic bodies at the grass-roots, in spite of their limitations (quite a few of which have been beyond their control) have only deepened this consciousness. Nothing perhaps brings it out more than the General Elections of 1977 which symbolises a triumph of people's commitment to the democratic path. Such a vibrant faith in democracy should naturally demand greater opportunities for direct involvement of the people in the management of local affairs. The urge for democratic control over administration at the local level, particularly in regard to management of rural development, is also an offshoot of the on-going democratic process. Altogether thus if the edifice of democratic polity is to become secure in the country, the strengthening of democracy at the grass-roots is inevitable.

Democratic process and egalitarian socio-economic order

III.2.2 The poor suffer from many handicaps, but their asset is their large number. They would naturally want to deploy their numerical strength to improve their standing in society. Democratic institutions, with periodic elections at several levels, provide the forum for the assertion of this strength. Elections help to upturn the social soil: with greater awareness and organisation among the poor, their numerical strength can get translated into political power and political power can lead to social esteem and economic betterment, the demand for which is a natural corollary of universal adult franchise. It is not enough

that a person grows physically; what is important is the flowering of his personality. The same is the case with society: its personality is enriched by the involvement of the people in democratic management of development, shaping their life and future.

III.2.3 While political parties in a plural society will compete, with their specific programmes and platforms, for popular allegiance, they will have large channels for constructive efforts when, through democratic decentralisation, levels of meaningful action are extended beyond the Centre and the States. With the people and parties having adequate opportunities to exercise power at various levels, the democratic polity, as stated elsewhere also, will get richly and more securely structured and dissipation of national energy in political recrimination will hopefully yield place to constructive competition and mutual cooperation among political parties.

Panchayati Raj Institutes as channels of purposive activity for political parties

III.3 People's own representatives at the grass-roots level, as the experience shows, are best suited to churn the soil in rural India and induce social change. The possibilities of meaningful developmental activities, which have contributed to the awakening among the people, should buttress this effort. The mass media have widened the interest and understanding of the people in the villages. The spread of education, however limited it may be, is throwing up well-informed and development-oriented leadership in the rural areas. All these trends, which are an earnest for social change, cannot be thwarted, much less reversed.

The sociological argument

III.4.1 The growth and complexity of development programmes for rural areas also increasingly call for close coordination at levels below the State. At these points popular supervision over the official machinery has the potential to become an effective instrument of coordination. It is essential that the horizontal pressures are exerted by people's representatives over what otherwise would remain just a line-hierarchy of administration. Further, many of the multi-pronged developmental efforts need people's participation; but the initiative of the people can be uncoiled only through their involvement in the process of growth and change. While socio-economic development would limp without democracy, it is equally true that democracy will be just a shell without development. The two are, in fact, mutually re-inforcing.

The developmental argument

Deepening concept of development

III.4.2 It is also to be recognised that there has come about a sharper delineation of the concept and content of development. It now means more than economic growth. It centres round development of man: the surge towards satisfaction of basic human needs like food and shelter, education and health as well as his deeper psychic needs—the urge to feel significant. To have a say in shaping one's life and the community's future has become an inalienable part of development. There is not only restlessness against deprivation and destitution, but there is also the growing awareness that poverty can be overcome through purposeful action. The political, material and psychological needs clamour for satisfaction. The people want power to embark upon purposeful action to seek satisfaction at all these levels.

Questions of devolution of authority from Union to States

III.5 It has been argued that the logical corollary of treating Panchayati Raj as an imperative is the need of greater devolution of functions and authority from the Union to the State level. This is a complex problem in itself which has not been remitted to the Committee for consideration in its terms of reference. But the Committee do feel that for effective functioning of the PRIs, a proper climate of genuine decentralisation at all levels is necessary. Once a tendency for concentration of power is there, the entire rationale of Panchayati Raj as an imperative is lost. Unless there is a commitment to the process of decentralisation at all levels, the PRIs will not be able to fulfil the expectations that we have from them. Means shape the end and the process determines the product. We have suggested far-reaching decentralisation of developmental functions from the State to district and still lower levels in the Chapters that follow. While we are not competent to say what should be the pattern of the distribution of powers between the Centre and the States, our recommendations about the transfer of substantial quantum of powers from the State Governments to the local bodies has implications for the existing scheme of distribution of powers between the Union and the States which would require a detailed but separate consideration.

Need of Constitutional sanction

III.6 Another equally important issue relates to the need of providing Constitutional sanction to Panchayati Raj. A number of persons whom the Committee met had invited its attention to the present limited reference to panchayats in the Constitution and had emphasized that the PRIs should form a part of the Organic Law of the land so that they achieve the requisite status as well as assurance of continuous functioning. They had

also mentioned that an amendment to the Constitution should be made for this purpose. 63 per cent of the respondents to the questionnaire issued by the Committee have also supported the idea of giving Panchayati Raj a Constitutional mandate. In this connection, attention of the Committee was invited to proposals formulated by 21 eminent citizens, including 2 members of this Committee. The document containing their specific suggestions is given as Annexure—2. The Committee agree to the need for some such provision and want the Government of India to give careful consideration to the document.

The governing perspective: Panchayati Raj as a functional imperative

III.7 It is against the background of changes in the perspectives on democracy and development outlined above that we turn to the issue of restructuring of Panchayati Raj Institutions for the future. The new thrust of people's aspirations on the politico-developmental front has not merely deepened the conceptual meaning of decentralisation and development, but has also made the former a functional imperative for the latter. This is the governing perspective that the Committee has brought to bear on their report.

Dual status in the polity

III.8.1 The analysis attempted so far should make it amply clear that Panchayati Raj, like democracy at national and State levels, is both an end and a means. As an end, it is an inevitable extension of democracy to the grass roots, which, in turn, makes it the base of the democratic pyramid in the country. The extension should encourage a two way system of political linkages from bottom upwards through the State to national levels and the *vice-versa* with built in potential for reinforcing responsiveness and accountability of the representatives to the people on the one hand and encouraging mobility, circulation and broad basing of the political and the ruling elite on the other. This, in essence, is the vision of an integrated democratic polity which the Committee ardently cherishes.

III.8.2 More importantly, and that also as an end, again, Panchayati Raj should emerge as a system of democratic local government, discharging developmental, municipal and, ultimately, regulatory functions.

III.8.3 The Committee would like to emphasize that Panchayati Raj is both a living and an interactive part of a democratic continuum and also a unit of democratic self-management at the rural local level. The dual status is natural as well as desirable, once it is recognised that Panchayati Raj is a subsystem in relation to the democratic polity in the country and

will also develop the potential of becoming a political system at the rural local level for the complex of transferred activities.

III.8.4 Whatever be the manner in which Panchayati Raj may unfold and realise itself as an end, it will also continue to remain a means for discharging obligations entrusted to it by the national and State Governments in spheres not yet transferred to its exclusive jurisdiction.

III.8.5 Altogether, both as an end and a means, Panchayati Raj should contribute to the philosophy as well as practice of a rich, rewarding life in rural India. In that lies the future both of democracy and nation-building in the country.

CHAPTER IV

STRUCTURES, COMPOSITION AND ELECTIONS

Structures

Institutional design for decentralisation

IV.1 The institutional design for decentralised development management has to be commensurate with the responsibilities devolved upon it. The evolving dynamics of development will demand structures for effective coordination of activities at levels below the State. While this premise provides us with a functional criteria for structuring Panchayati Raj Institutions, we cannot be unmindful of the fact that we are not writing on a clean slate. The Balvantray Mehta Study Team's proposals resulted in a great deal of structural rationalization in recommending the block-level Panchayat Samiti as the functional spearhead of all rural development programmes. But different situations developed in different States. Annexures 3, 3-A and 3-B provide a tabular representation of the existing situation in this regard. It would be necessary to keep in view the existing structures, even though the entire burden of the logic propounded by us calls for wide-ranging innovations keeping in view the long-range developmental inevitabilities, as well as the need for structural flexibility to suit the varying requirements of different States located at different levels of development. Thus, even with respect to structural design of Panchayati Raj, as with regard to all other aspects, we would like to adopt an approach of built-in flexibility i.e. providing for only a spectrum of possibilities and not laying down a strait-jacketed pattern.

District as the first tier

IV.2 As pointed out earlier, the developments necessitate that the first point of decentralisation below the State level should be the District. The reasons advanced for that are well known. Historically, the district has been the pivot of local administration for centuries. For planning, supervising and coordinating developmental programmes, administrative and technical competence of the requisite calibre is available only at this level, and not at a lower, say, the sub-divisional or the Block level. Some States like Gujarat and Maharashtra have demonstrated the soundness of their choice. Apart from the Adminis-

trative Reforms Commission, appointed by the Union Government, a number of Committees appointed by various State Governments in the sixties and the seventies, have persuasively commended the Maharashtra-Gujarat model, which has treated the District as the first point of decentralization.

Block as a transitional unit

IV.3 If the Block is not to be the basic unit of devolution, as earlier, the question arises if it should be merely an Executive Committee of the Zilla Parishad, as in Maharashtra, or whether it should have some functions of its own. In some States, this tier is regarded as a decentralised unit closer to the people. They and the administration are also attuned to this set-up. At present, plans are also being drawn up on this basis. However, when attempt is made to decentralise more powers further down and when smaller districts are constituted, the weakness in the existing Samiti's capabilities will be felt. As a transitional phase, Block could continue.

Panchayat size

IV.4.1 In almost all the discussions, it was pointed out to us that the present Panchayat is not able to function effectively due to dearth of resources. This is due not only to the poverty level in the villages but also due to the size of the resource base. It is, therefore, argued that the Government should transfer considerable resources to the Panchayats. It has also been brought out by some that the weakness of ineffective functioning due to the paucity of resources is mainly due to the size of the present Panchayat. Generally, they point out that the present Panchayats are not "viable". The position of Kerala illustrates the point. The total income of 974 large sized Panchayats is about Rs. 10.6 crores, with an average of over one lakh. They are able to meet most of the municipal and welfare requirements, take up schemes such as housing on behalf of Government, as also attract institutional finance.

Existing Panchayats too small

IV.4.2 This point has been examined by us in depth from various angles, and needs considerable elaboration here. As has been indicated earlier, the present dynamics of development, the methods for transfer of technology, and the group action required for many projects, give rise to misgivings about the ability of the existing Panchayats to effectively function in the present context. As can be seen from Annexure 4, analysing the villages according to population, out of the 5,75,936 inhabited villages, 26 per cent come under less than 200 category; 29.3 per cent under 200 to 499; 23 per cent come under 500 to 999; 14.2 per cent under 1,000 to 1,999; 6.3 per cent under 2,000 to

4,999; 0.9 per cent under 5,000 to 9,999; and those with a population of 10,000 and above account for nearly 2 per cent. In the very nature of their composition, about 78.4 per cent of the villages (if we include the grey category of 1,000 to 1,999, it would be 92.6 per cent) would not be able to effectively discharge any of the functions which we are separately indicating that they should. At the best, some of them may be able to tackle the traditional, attenuated civic and welfare functions.

Village no longer the basic unit

IV.4.3 Further, increasingly, activities organised on the basis of occupational groups will cover more than one village. Most of the agricultural programmes are not being taken on the basis of the village but on the number of families to be covered by a particular functionary. The size of the area is, therefore, relevant for the effective transfer of technology. Besides, with time, people would want higher forms of services and of quality, at lower levels. Health, education, agriculture and allied sector extension, agro-servicing units etc. are examples. Obviously, they cannot be provided to every village as it exists today.

Trends towards a larger size

IV.4.4 In many of the States, the present trend as also the past experience points to the size of Panchayat being larger. In West Bengal, the Anchal Panchayat (now Panchayat) is round about 15,000. In Assam, it is between 15,000 to 20,000 and a slight reduction is being advocated. In Kerala, where the situation is slightly different, the average is round about 19,000 per panchayat. In Punjab, the present trend of integrated rural development is to establish and develop focal points in a planned manner. The State has been divided into 500 units within the area of 100 sq. miles each, with approximately about 20 to 25 villages in each unit. In the first instance, a cluster of five contiguous villages will be taken as a unit for planning and development. The number of villages around will gradually be increased in each focal point and each year more and more clusters will be formed so that in a period of five years, 500 units will be organised. Punjab Government, however, have not yet contemplated setting up of a Panchayati Raj tier at this point. But a number of services are being organised or re-grouped; in the first phase each focal centre will have a market yard and allied facilities, a consumer store, a retail outlet for agricultural inputs, welfare amenities like a dispensary, school as also veterinary service centre. Besides, facilities will be

created for the stationing here of group of eight technical assistants like veterinary assistant, bank manager, agriculture inspector, cooperative inspector, cottage industries worker etc., thus building up a mini-secretariat at this level. In Andhra Pradesh, the discussions showed the bias towards decentralisation at "Firka level", which need not be the present Revenue Firka, but a group of villages. Under their Area Plan Techniques, 4 levels of service centres have been identified, each centre covering a population of about 20,000 to 30,000 in radius not exceeding 8 to 10 miles. About 1,500 such centres have now been indicated for the total number of 10,600 gram panchayats. They felt that it will be necessary "to bring down the kind of services at present available at the block headquarters to a lower spatial level".

Consensus on larger panchayats

IV.4.5 In the discussions we had, it is gratifying to note that the need for a re-organised Panchayat has been perceived. Some have even mentioned that many of the present villages have ceased to be economic and social entities. Others have indicated that while for municipal functions individual Village Panchayats would be appropriate, for village development "cluster approach" will have to be considered. Yet another suggestion is that 15,000 to 20,000 acres may be taken as a unit for Panchayat, as this would be a good unit for economic development. It was also brought out that even where Panchayats by present standards are large with a population of about 5,000 these will have to be evolved into a more compact unit, with a focal village where all the services will be available. The overall impression in the four seminars organised by this Committee was that a single village, or a small population in a Panchayat, will not be suitable entity either as an administrative or economic unit; that the "viability" criteria should include economic activities. Multi-village Panchayats making a tier between Block and Village have been mentioned. Thus, an analysis of the present weakness in small Panchayats and also thought as to how to tackle the problem are evident in many places.

Viability of large panchayats

IV.4.6 All the informed opinion, as also an aseptic analysis of the economic forces and welfare possibilities point to the necessity for having Panchayats covering a larger number of villages. The size should permit of the effective discharge of the functions decentralised by Government; it should present a viability criterion which will include harnessing of the several economic flows that are becoming patent, and also facilitate the

satisfaction of the welfare requirements. In the Report of the Centre for Management in Agriculture, Indian Institute of Management, Ahmedabad, on Rural Development in Dharampur, (one of the Talukas of Bulsar District in South Gujarat), the need for certain focal areas for activity and facilities were suggested. In their words, "as an important part of the development of this Taluka, we propose that 44 locations disbursed all over the Taluka be developed with minimum infra-structure, health and education facilities." This is an area where 92.5 per cent of the Taluka population are Scheduled Tribes. The idea of these centres is not merely "to provide a central location where a number of village level functionaries may live together, but also that these centres should be planned to provide economic, educational and health services to the nearby villages". An intensive study of the Bhagalpur District in Bihar, with a view to locate the agricultural development activities and the role of the Panchayat Institutions therein, also brought out the necessity for a cluster of villages to form into a viable Panchayat. For the purposes of determination of the micro-planning area in Maharashtra, the statistical method of "principle-component-analysis" was also examined. While this may not directly assist the determination of the size of the Panchayat, the approach would develop to settle the locations and existing situations of a given unit. Another method in identifying the group of villages is also by an analysis of the river basins in Maharashtra which were demarcated into about 1500 water-sheds, of the first order each with 100 to 120 sq. miles. An analysis done showed that 66 water sheds would be appropriate in Poona which comprises of 13 Talukas. This works out to a population of 27,000 per water shed. The 66 water sheds now actually cover 1800 Village Panchayats. There have been many other attempts to prepare index of village development, and suggestions as to why and how a larger size of rural unit should be appropriate for the villagers' own interest for input supplies and services.

Growth Centres and Panchayats

IV.4.7. Since 1969, integrated area planning has been receiving keen attention. Several studies done in this field point to the need for a more scientific structure of administrative divisions. Of particular relevance in this regard is the identification of the hierarchy of growth centres in terms of the central place theory; corresponding to what is popularly known as a cluster of villages is the concept of central village/service

centre. Without going into the technicalities, we would like to observe that the size of what may be called a lower order growth centre level would depend upon the topography, the existing level of physical and social facilities, growth potential in terms of resource endowment, financial position etc. Broadly speaking, we may call this service centre level, with a population of the order of 10,000 to 15,000, covering the central village in this complex and the villages in the hinterland. Taking into account the analysis made in Para IV-4.2, it would appear that the headquarters of a service centre might be located in villages having a minimum population of 2,000. As stated above, its actual size would depend upon the topographical and demographic characteristics of a given area.

Locational criteria for Mandal Panchayat

IV.4.8 Next to the District, Mandal Panchayat will have to be the hub of developmental activities. The case of micro and multi-level planning is well known. It ensures a speedier and more efficient assimilation of growth impulses generated by higher order settlements and urban centres, and optimal use of local resources, and makes for a greater degree of regional and social equity. A strong point of this type of planning is the spatial integration of services and functions at a given level of settlement hierarchy. Notwithstanding the fact that it is a fairly sophisticated technical exercise, local guidance and cooperation is essential, particularly in deciding upon local priorities and exploiting local resources. The remedy for under-utilisation, not to speak of less rational utilisation of local resources, is obviously a sturdy framework of Panchayati Raj. One of the basic insights of regional planning is that distance being a cost factor for both producers and consumers, location of appropriate physical and social facilities at a central place would help accelerate economic development. Features like marketing outlets, availability of inputs, transport and communication infra-structure, social facilities like hospitals and schools, warehousing facilities, availability of higher order technical services and a host of other inter-related functions which form part of the design of rural-life, condition the pace and quality of economic growth in several ways. The necessity for focal centre has become greater with commercialisation of agriculture. Commercialisation is an inescapable consequence/component of devlopment triggered by credits obtained from financial institutions. These credits have to be repaid and replenished. The top 7.4 per cent villages mentioned above,

will function as growth centres below the Block level though it is not assumed that their number alone will decide the number of Mandal Panchayats. Building upon the natural locational advantages, it is possible to accelerate the process of economic development by locating the additional functions needed for this purpose there. Such a centre would be the most appropriate location for a tier of Panchayati Raj immediately below the present Block level, a vehicle for taking technology and the thrust of development to the gross-roots. We might call the Panchayat at this level as the Mandal Panchayat.

Linkages of Mandal Panchayats

IV.4.9 As stated above, besides the central village where the headquarters of the Mandal Panchayat is located, there will be a number of 'hinter land' villages. It is hardly necessary to emphasise that the texture of economic development over the last 25 years has significantly altered the rural socio-economic matrix, necessitating a critical review of the concept of the self-sufficient village. With the growth of communication network, and new modes of transport beginning with the cycle, the isolation of the village is already broken. Planning for physical and social facilities, so necessary for a speedy and yet balanced growth, pre-supposes a network of linkages transcending the traditional village. In terms of the logic of the integrated area planning, these linkages would converge on the headquarters of the proposed Mandal Panchayat. In the coming decades, commercialisation of agriculture and technological sophistication will bring the imperative of rural-urban continuum into sharper relief; the relative isolation of the traditional village will then gradually recede into the background.

Need to reassess functions

IV.4.10 In relation to an over-whelming number of villages, the long list of functions and responsibilities assigned in most legislations, has little practical significance for action as these are beyond the financial and administrative capacity of its constituent villages. These facts make irrelevant the harsh judgement that Gram Panchayats have failed to perform the responsibilities expected of them. In the very nature of things, at least 78.4 per cent villages could effectively perform only a fraction of their statutorily defined responsibilities, hardly beyond the traditional, civic and general administration functions. By expecting them to do more, we have, in effect, spread the limited resources too thin with the result that neither the developmental nor the civic functions could be attended to satisfactorily. Failure was thus built into the very structure.

And since the Gram Panchayat was the cutting edge of Panchayati Raj, this was hastily, if understandably, projected on to Panchayati Raj as such. It is, therefore, felt that the functions to be taken up for villages below the proposed Mandal Panchayat, should be reassessed so that developmental functions with a wider span go to the latter (Mandal Panchayats) and other functions have a reasonable relationship with the size and needs. The Mandal Panchayat will have to give sufficient emphasis to the civic and welfare needs of the villages.

Gram Sabha

IV.5 In the course of our discussions in different parts of the country, we were told that because of lack of interest on the part of the office-bearers and apathy on the part of the public, the Gram Sabha has not been functioning satisfactorily. The reasons, of course, are more complex; they include lack of political interest and administrative indifference. We are of the view that the Gram Sabha deserves genuine encouragement. It can be worked satisfactorily, if the will to work is there. The Gram Sabha has an important role in activating the democratic process at the grass-roots level, in inculcating community spirit, in increasing political awareness, in strengthening developmental orientations, in educating the rural people in administrative and political processes and in enabling the weaker sections to progressively assert their point of view. In the name of 'practical difficulties' we should not loose sight of this sense of direction. The proposed village committees and the members from the concerned electoral units have a role. The village committee members will meet the Gram Sabha at least twice to explain to them the work pertaining to the village and also carry the feed back. At least two meetings should be held by the village committee members. While we appreciate the need for flexibility, we do hope that the Governments of various States and Union Territories will move in this direction.

Total view of the structure

IV.6.1 In the structure that we envisage, the Zilla Parishad will be the first point of decentralization of State developmental functions, will take up planning for the district, coordinate the programmes and will guide the lower tiers. The Panchayat Samiti will be basically an executive committee of the Zilla Parishad, with such additional function as may be assigned to it by the Zilla Parishad. Next to the Zilla Parishad, the Mandal Panchayat will occupy a pivotal place in the scheme of Panchayati Raj being proposed by us. The place of the village set-up below the Mandal Panchayat will be analogous to that

of the Panchayat Samiti. It will be an executive committee of the Mandal Panchayat, depending upon the size of the village concerned and local conditions. A Committee could be constituted by the Mandal Panchayat for the relevant villages to look after welfare and civic requirements. These committees presided over by the concerned member from the electoral unit and selected members of the village, will be able to look into the individual requirements of the constituent villages.

Interim Proposals

IV.6.2 It has to be noted that the Panchayat elections were held recently in some States and, therefore, re-organisation as contemplated by us will spread over some time. In some cases, it may also be necessary for the State Government to constitute viable smaller Panchayats to be able to meet the present exigencies of the situation, if their level of development does not premit the constitution of Mandal Panchayats in the near future. The Committee do recognize the need of flexibility in this regard considering the widely varying conditions that obtain today. The ultimate objective will remain the formation of a Mandal Panchayat. Till the Mandal Panchayats are constituted, it will be desirable that a type of federation of the concerned Village Panchayats be organised at the central village which will ultimately be the focal point. The relevant staff can also be gradually stationed at these locations.

IV.6.3 Since there are already existing structures and a reorganisation proposed, a detailed analysis of the several tiers both contemplated and existing was made here. It might look that a Zilla Parishad, a Samiti, a Mandal Panchayat and the Village Panchayat are coming into picture. However, the Committee envisage that the Zilla Parishad and the Mandal Panchayat should have the preponderant responsibilities. While it might take a little time for the State Governments to have this two-tier system, they should recognise the forces that will make a compulsion and begin steps which will facilitate better services to the people.

Panchayats in tribal areas, hill and desert areas

IV.7.1 While the structures have been suggested as above, special mention about the tribal and hill areas is also necessary here. According to the 1971 Census, the tribal population is about 4 crores or about 7.5 per cent of the total population. While they are spreading over 24 States/Union Territories, Arunachal Pradesh, Nagaland, Mizoram, Meghalaya, Lakshdweep and Dadra and Nagar Haveli are predominantly tribal. In other States, 83 Tehsils/Talukas and 85 Blocks are predomi-

nantly tribal. The tribal areas in North-East are governed by the provisions of VIth Schedule. In States such as Madhya Pradesh, Bihar, Orissa, Rajasthan, Gujarat, Maharashtra, Himachal Pradesh and Andhra Pradesh the provisions are covered under the Vth Schedule; these enable the States to make special laws.

IV.7.2 In the tribal areas, two points require to be considered: First is the low density of population and villages scattered at distance from each other and many small sized villages, and the second is the traditional organisational set-up such as a 'Panchayat' by social consent. In view of the distances and the terrain involved between villages, it is argued that smaller Panchayats may be more appropriate than the Mandal Panchayats proposed. But it is the services that the tribals are urgently in need and smaller Panchayats will not be able to provide these. It is for the very reason that it is pointed out for the general areas of rendering higher level services at lower points that there is validity for the same system of Mandal Panchayats to be introduced in the tribal areas also. Since distances are involved, it may be that the Mandal Panchayat will be constituted with a lesser population. There are regular markets (Hat) locations in the tribal areas and these will be suitable focal points. Since some of the essential welfare services such as water supply will be done village-wise, the problem of lack of adequate attention, consequent of a bigger Panchayat, will not arise. In allocating necessary funds to the Panchayats, the special features of implementational nature under the ITDPs should be borne in mind.

No need to disturb tribal institutions in certain areas

IV.7.3 The other point is that the ethnic or other social form of tribal customs which chooses their leader by consensus, need not be disturbed. Some of the tribal areas have a system of selecting their leader who is not always chosen on a hereditary basis. A few areas have not also been able to absorb the formal system as yet. Areas such as Bondo Hills in Orissa or Abhujhmal in Bastar District have not yet been able to accept any change. The traditional Panchayats or other type of social organisations are able to meet some of the social, legal or religious requirements. A list of Tehsils/Blocks where strong traditional tribal organisations are existing is at Annexure 5. These need not be disturbed in assigning the functions to Mandal Panchayats.

IV.7.4 The Committee feel that in these areas, there is

no need for disturbing the traditional system as long as they continue to discharge those functions. Fortunately, most of these traditional type of organisations are limited to 2-3 villages. The difficulty about introducing a regular election system for Mandal Panchayat will not conflict with their village organisations.

ITDP to be under the purview of PRIs coterminus with these project areas

IV.7.5 It is also pointed out that where Intensive Tribal Development Projects are organised, a suitable tier of Panchayati Raj Institutions may be made coterminus with the ITDP. At present, some of these projects cover more than one block. The work is being done by a separate project authority. It will not be easy to constitute separate elected tiers in these areas; it should be possible that the Social Justice Committee of the Zilla Parishad will look after these areas with enlarged representation into the Committee where necessary. It is contemplated that the functions of the Social Justice Committee should be realistic and discharged constructively; conferring the purview of the ITDPs on the Social Justice Committee will also meet the anxiety of special attention to these projects.

Exceptions to the general approach

IV.8.1 In the North-East, as also in the hilly areas, the same broad approaches will apply. Where there are already structures under the Constitution, these need not be disturbed. Internal review as contemplated in VIth Schedule, should, however, be taken up by the respective States. In certain areas as in Arunachal, it may be possible even to do with Circles and Districts as points of decentralisation leaving the existing village organisations to look after the social and welfare aspects.

IV.8.2 In the hilly terrain and scarcely populated areas, the exact situations will have to be taken into account, the guiding idea being as to how to foster the development potential of the families.

Composition

General remarks

IV.9 The composition of the Zilla Parishad and Mandal Panchayat, as also the Samiti will depend on the arrangements that will finally emerge in each State. At present, certain complications may arise in view of the existing structures. Hence, the ultimate picture, taking the Samiti into account, has been brought out here. In constituting the Zilla Parishad at present State Government will have to make necessary adjustments taking into account the size of the Mandal Panchayat which could on present reckoning cover an average population of 15 to 20

thousand. The situation at present obtaining has been tabulated in Annexure 6. Considering the various suggestions, a broad pattern is indicated here.

Composition of Zilla Parishads

I. *Zilla Parishad*

1. Directly elected members from electoral divisions with reserved seats for SCs/STs in proportion to their population.
2. Presidents of the Panchayat Samities, *ex-officio.*
3. Nominees of bigger municipalities in the district.
4. Nominee of District level Cooperative Federations.
5. Women who get the highest number of votes in Zilla Parishad elections: 2; in the event of no women coming forward for election, two women may be coopted.
6. Co-opted members:
   (i) Persons with special interest in rural development: 1
   (ii) University/College teachers teaching economics, sociology, social welfare, political science or public administration: 1

(Chairman to be elected from among 1 & 2, and by all members. When there is no Samiti, No. 1 will elect, and the number will be larger by that time. When an altered status of No. 2 emerges, the Presidents of the Mandal Panchayats will elect from among themselves of their total a number to Zilla Parishad. No. 5 is clarified in para X.10.2).

Composition of Panchayat Samitis

II. *Panchayat Samiti*

1. Presidents of the Mandal Panchayats, *ex-officio.*
2. Respective members elected to Zilla Parishad from Mandal Panchayat areas—No. 1 of Zilla Parishad ante.
3. Nominees of smaller municipalities.
4. Nominees of Taluka/Block level cooperative federations, land mortgage banks, etc.
5. Co-opted members:
   (i) Persons with special interests in rural development: 1

(President to be elected from amongst 1 & 2 and by all.)

Composition of

III. *Mandal Panchayat*

1. 15 members directly elected on village-cum-population basis (reserved seats for SCs/STs).

2. Representatives of Farmers' Service Societies.
3. Women who get the highest number of votes in Mandal Panchayat elections : 2; in the event of no women coming forward for election, two women may be coopted.

Mandal Panchayats

(President to be elected by No. 1 or directly as the States may decide.)

IV. *Village Level Committee*

Composition of Village-level Committees

1. Member elected to Mandal Panchayat on the basis of electoral units (Chairman).
2. Member elected to the Zilla Parishad.
3. Representative of Small & Marginal Farmers : 1

The term of the respective tiers would be 4 years. As far as possible, the direct elections to these bodies should be held simultaneously.

Committee System

IV.10 While the ultimate, as also the transitional, composition might vary from State to State, it is felt that a Committee System at the District, and other levels as required, should be introduced. This gives scope for in depth consideration of several matters, achieves specialisation and quicker decisions. Such a Committee system already exists in many States, but needs to be activated. The salient ones to be suggested now would be on Agriculture, on Education, on Small Industries, on Finance and Public Works and for Social Justice. A Committee of the Chairmen of these Committees will be the Standing Committee with C.E.O. as Secretary. The composition would be on proportional representation, so that all shades of opinion would be represented in the developmental task. The competitive politics that political parties may bring to the Panchayati Raj will be counter-balanced by cooperative-cum-consensus functioning in day-to-day work of development. The concerned District Officer will act as the Secretary of the Committee. The Committees may have term at half of the Zilla Parishad's term so that participation of many, in different development sectors, can be contemplated. For planning function, however, a Committee of the whole Zilla Parishad may be constituted. Here the MPs and MLAs should also be *ex-officio* members; this assures a greater consideration of the technical plan placed before Zilla Parishad and also provides for the advantage of the knowledge of the MLAs both of field level and State level problems. This Committee would be assisted by the Head of the Planning Cell of the District. For the Social Justice Committee

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the C.E.O. may be the Secretary of this Committee, while he would be an invitee to all other Committees.

Elections

Elective basis of PRIs

IV.11.1 Our general approach has been that in the case of more powerful bodies like the Zilla Parishads and the Mandal Panchayat, the directly elected component should preponderate over the *ex-officio* and coopted elements. The *ex-officio* mode (as the main component), recommended by the Balvantray Mehta Team only for Zilla Parishads with no executive powers, has been adopted by many States in respect of both the Samiti and Zilla Parishad levels. While this could be explained on the basis of the assumption that most States found it convenient, it is worth recalling at this juncture what the Mehta Team visualised that when power devolves to a local body, whose jurisdiction is as large as a District, such "will inevitably have to be constituted on a purely elective basis". In this, we are basically in agreement with the approach adopted by the Balvantray Mehta Study Team.

Arguments against indirect elections

IV.11.2 If an entirely *ex-officio* mode, for the Zilla Parishad is followed, sufficient regard would not be shown for the nexus between 'powers' and 'elective basis'. This could well have been justified to minimise electoral strife; but it must be pointed out that the system could work to the disadvantage of the weaker sections. In rural areas, ownership of land is a major source of socio-economic and political power. Generally speaking, village headmen and sarpanchas tend to be drawn from the dominant sections. When only sarpanchas become *ex-officio* members of the District, the numerical preponderance of persons belonging to the dominant sections facilitates the election of a President drawn from the regionally relevant dominant group. This situation is sought to be avoided by suggesting a predominantly directly elected component in the District.

Reasons for direct elections

IV.11.3 There are additional reasons for contemplating direct elections. It is pointed out in another Committee Report, that the influence of local factions and parochial considerations would be greater in the case of indirect elections. Indirect elections afford scope for 'people with means and position to influence the course of elections by dubious means, bordering on malpractices.' Direct elections, on the other hand, give a sense of participation to the general public in the formation of their institutions. The leadership thrown up by them would be more

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responsive to and would command better respect among the people. In our view, it is essential to have a directly elected component preponderant at Zilla Parishad and Mandal levels with a view to strengthening the democratic processes below the State level in rural India.

Indirect elections of Chairmen

IV.11.4 The reasons for suggesting indirect election to the position of the President/Chairmen of the Zilla Parishad, and of the Chairmen of the Mandal Panchayat need a clarification. In the case of a District, even if it were to be a smaller District, the electorate would be too large sometimes covering the constituencies of two or three MPs., and several MLAs. This would be too wide a coverage for election. Even the Chief Minister in a State is an elected leader of the legislators. A different procedure of direct election would create greater frictions between the Chairman of Zilla Parishad (who would claim to represent a larger vote) and the members of the State Cabinet. In the case of Mandal Panchayat also, the occasional frictions between the Panchas and the Chairman which might arise if the Mandal Panchayat Chairman represents a direct electorate are sought to be avoided. However, the option is also indicated for the State Government for a different procedure, if they so decide.

Organic linkage

IV.12 A degree of linkage between the two (or three) tiers is considered necessary though there is an opinion against such an organic linkage. This opinion holds that a monolith is likely to be created, rendering the Zilla Parishad all too powerful. But these apprehensions could be allayed in so far as full freedom on the utilisation of their funds is given to Mandal Panchayats. Some technical assistance from District level, and guidance is still needed for lower tiers. Participation of lower tiers in plan formulation, apart from giving their views, is still necessary. A compositeness in the total structure will become necessary to avoid frictions at the initial stages of building up the institutions at each tier.

The elective process

IV.13 The present suggestions on composition and elections at Zilla and Mandal facilitate the development of popular leadership and also opportunities to get more involved and gain experience. One of the reasons as to why the Panchayati Raj institutional structure is regarded as an 'imperative' is that the political process will throw up the popular leadership, which could ultimately also shoulder higher responsibilities. This process has to begin with the Panchayat level. The election of

Panchayat members into Samiti and the Samiti members in Zilla Parishad, or ultimately Mandal Panchayat members in Zilla Parishad gives opportunity to the respective leaders to participate in higher level decision-making process and get the feel of the new responsibilities.

Role of political parties

IV.14.1 These arguments gain weight in the context of our view that political parties should be allowed to participate effectively at all levels. We are aware of the strong feeling that at the Panchayat level, no Political Parties, as such, should be allowed to participate. The merits of the election by consensus where development work is involved and avoidance of deep divisions in the village community are two main elements in the view of an experienced and influential section of our public life. But it has also been pointed out to us by many that the participation of political parties in the Panchayati Raj elections without symbols causes confusion among the electorate, and detracts from political accountability. We have reached a stage of political evolution when it would be unrealistic to expect that political parties would keep themselves away from these elections. Often they do participate though not openly. This situation needs to be avoided. Their participation would make for a clearer orientation towards programmes and would facilitate healthier linkages with higher level political processes. It is also necessary to provide constructive outlet to opposition parties; parties out of power at the State level may be able to chalk out achievement at the District level. Direct elections coupled with programme-based contests would offer greater scope to weaker sections for availing the opportunities offered by the political system.

Political parties to contribute to the success of the experiment

IV.14.2 The Committee are happy to state that all political parties are in favour of genuine decentralisation of power to rural local levels. In the set up of Committees suggested by us at the District level, we have ensured that all the shades of political opinion are represented in proportion to their strength. This alone will bring about the required consensus in the implementation of developmental programmes. The Committee would, therefore, like to emphasise, with all the strength at their command, that the success of this entire scheme would depend on continued interest, goodwill and cooperation of all the political parties.

Role of MLAs & MPs.

IV.15 The role of MLAs, MPs in Panchayati Raj Institutions has been often discussed with definite positions taken on

either side of their being members at the appropriate tiers. Generally an indifference, or positive aversion, to the new power-centres in their own constituency is alleged against the MLAs. If they are within the PRIs, they will domineer the system rendering the elected represntatives ineffectual; if they are out of them, they will dilute their importance. To cut the gordian knot, it is contended that they should be disassociated with any role in PRIs. But in many States, they are associated with PRIs as can be seen from Annexure 7-A & 7-B. Whatever may have been the past experience, the numerous MLAs from amongst those the Committee met were generally enthusiastic about the important role that PRIs can play in democratic process and developmental work. This trend should be noticed. The MLAs have opportunities to participate in State level deliberations and this advantage should also not be lost to the PRIs. They will be a valuable link with State machinery. It should also be noticed that they too are interested in the economic upliftment of their respective constituencies. Since it is proposed that in future the PRIs will play a major role in this process, they should also have awareness and a say in these programmes and policies. In order to facilitate this, it is proposed that the MLAs and MPs should be ex-officio members in the "Planning Committee of the whole" of the Zilla Parishad. They would be involved in plan formulation and review from time to time. At the Samiti level, whatever is the existing procedure, would continue till they are constituted on a revised basis. Since these will be more of implementation bodies, even in future, the role of MLAs/MPs would be limited. Besides this, it is not necessary, nor would they like to be parties in the other detailed working of the administration of the PRIs. With their awareness of the overall problems of the State, they would in fact be able to guide the PRI's as Members of the two important Committees of Legislature, one functioning as Estimates/Public Accounts Committee and the other looking after the Weaker Sections.

Supersessions and postponement of election

IV.16.1 In the discussion on Structures and Elections, an important point invariably made is that the State Government should not supersede the PRIs on partisan grounds and if supersession becomes necessary the bodies disbanded be replaced by elected ones within six months. Secondly, the State Government should not postpone elections as had happened. We endorse both these views; in fact, we consider them as categorical.

Organisation for conducting elections

IV.16.2 At present the Secretariat Department incharge of the PRIs, conducts the elections through the Collectors. Detailed rules are laid down for this purpose under the Statutes. Since the procedures are systematised and the Collector who otherwise conducts general elections, under the authority of the Chief Election Commissioner, is in charge of Panchayati Raj elections also, no serious complaints or irregularities are made. But necessity for giving the election system a higher status and supervision is also advocated, both due to the importance of PRIs in the polity, as also the large amount of work involved. This would mean the appointment of a Chief Election Officer in the State Government independent of PRIs. The complete control of the Chief Election Commissioner, Government of India is not pressed by any, except that he should be consulted. Such a procedure would considerably strengthen the confidence in Panchayati Raj election system. These aspects of supersessions, postponement of elections, and the election system require special provisions in the Statute. The State legislations should contain provisions for this purpose.

Nyaya Panchayats

Status

IV.17 With the inauguration of Panchayati Raj system in the country, the Nyaya Panchayats, like the Gram Panchayats, were adopted as institutions for dispensation of justice at the local rural level. According to the latest information available, provisions for Nyaya Panchayats exist in 15 State legislations. These institutions are, however, presently functioning in 8 States *viz.*, Bihar, Gujarat, Jammu & Kashmir, Manipur, Rajasthan, Tripura, Uttar Pradesh and West Bengal; in the 3 States of Haryana, Himachal Pradesh and Punjab, the Gram Panchayats have been vested with judicial functions in addition to the municipal and executive functions. Madhya Pradesh has abolished the Nyaya Panchayats but intends to introduce an alternative system shortly. In the States of Andhra Pradesh, Assam and Karnataka, the provisions of the Act relating to Nyaya Panchayats have either been held in abeyance or not implemented. Maharashtra and Orissa have abolished these institutions. Kerala and Tamil Nadu do not provide for such a system; there is no Panchayati Raj set-up in Meghalaya and Nagaland. There are at present 29942 Nyaya Panchayats (including 7292 Nyaya Up-samitis in Rajasthan) working in the country. The composition of Nyaya Panchayats varies from State to State but gene-

rally they are based on a system of nomination or combination of elections with nomination. In some States the panchayats also exercise judicial functions.

Evaluation of functioning of Nyaya Panchayats

IV.18.1 The working of Nyaya Panchayats has been evaluated by a number of committees appointed both by the State Governments and the Central Government. The Committee on Panchayati Raj in Rajasthan (1973) was of the opinion that the Nyaya Panchayats were languishing for want of funds, secretarial assistance, adequate powers and people's faith in them. The Report had recommended the abolition of Nyaya Panchayats. The Maharashtra Evaluation Committee (1971) on the Panchayati Raj found entrustment of judicial functions to the Nyaya Panchayats "on the basis of democratic elections or otherwise" both "out of place and unworkable" and had also recommended the abolition of Nyaya Panchayats. The Badal Team (1969) Report for Punjab felt that with a view to enable Gram Panchayats to devote greater attention to development work, judicial powers may be withdrawn from them. Sahu Committee Report for Orissa (1958) felt that the Adalti Panchayat has not been able to discharge its duty as a full fledged village court and that it has been able to establish itself only as a compromising body.

IV.18.2 The working of Nyaya Panchayats has shown mixed results while in most cases it has been reported that Nyaya Panchayats have remained inactive; in States like Bihar, Manipur, Tripura and Uttar Pradesh, they have been able to create a good image by their work. During the discussions with the State Governments and also from the comments available in the Questionnaires, the Committee have come to the conclusion that there was not much enthusiastic response to these institutions though many advocated their relevance and revival to settle petty disputes. The dilemma facing the rural people seems to be that, while they want justice at their door steps, their experience does not encourage them to place faith in Nyaya Panchayats as constituted today. The Committee, therefore, feel that while there is a great deal of consensus in favour of decentralisation of justice there is lack of enthusiasm for Nyaya Panchayats as they are functioning now.

IV.18.3 The administration of justice on a decentralised basis has its merits. But this should be done by competent people with some local element assisting or participating in it. A system of rendering justice, by such a competent body, at more

easily accessible location, quickly and at low cost, is what the people desire. They are not keen on a popularly elected body disposing off justice; the judicial system has a separate hierarchy in this regard. Having taken this into account, the Committee are of the view that Nyaya Panchayats should be kept separate bodies and not mixed up with development panchayats; the people elected to serve on these institutions should not be the same persons as those elected for development panchayats. It would be more appropriate if judicial work is done by qualified persons but with local assistance. The members of Gram Panchayats wield executive powers and as such there are chances that justice may suffer if judicial powers are also passed on to them.

IV.18.4 Decentralisation of justice and people's participation in the judicial branch of Government, have been brought out in reports of Law Commission (14th Report—1958), Study Team (G. R. Rajagopaul—1962) and National Adjudicature—Equal Justice—Social Justice (by Justices Bhagwati and Krishna Iyer—1977). The Nyaya Panchayats can relieve the regular courts of petty civil litigation and criminal cases of a simpler type as also dispose of cases more cheaply and expeditiously. The Law Commission in their 14th Report have suggested some guidelines which deserve serious consideration. These are: the panchayat court should be constituted for a group of villages situated in a nearby area; with Nyaya Panchas nominated by a suitable authority out of those elected Panchas who possess certain prescribed qualifications like literacy; Nyaya Panchas should be given training before they are allowed to exercise judicial functions; legal practitioners should not be permitted to appear in these courts. The Bhagwati and Krishna Iyer Committee suggested that the Nyaya Panchayats should be presided over by a qualified judge. Having taken these views into account, the Committee generally are in favour of a qualified judge to preside and elected Nyaya Panchas being associated with him. The elected Nyaya Panchas will not be entitled to seek re-election; they should serve in an area other than that from which they have been elected.

CHAPTER V

FUNCTIONS

V.1 In discussing 'functions' in a separate Chapter, we have not been oblivious of the consideration that they (functions) logically form part of 'structure'. Our approach here is conditioned by the view that in so far as Panchayati Raj Institutions have to tackle location-specific programmes, an exhaustive list in an all-India perspective will not have much operational relevance. Local priorities in relation to resource base for agricultural and industrial development vary from region to region, and it is essential that the States and Union Territories should have adequate scope for applying their minds seriously to these priorities. **The approach**

V.2 As it is, Acts on Panchayati Raj contain detailed lists of functions assigned to the respective tiers. They usually comprise 'obligatory', 'optional' and 'agency' functions. There would also be enabling provisions to the effect that the Government could entrust additional functions and duties under any law or laws for the time being in force, and issue necessary orders and directions in that behalf. The new structure proposed in Chapter IV read with the strategy of democratic development management outlined in Chapter II, necessitates a second look at the present delineation of functions. **Functions in the context of new structures**

V.3.1 In this and subsequent paragraphs, we touch upon the criteria which should inform such a review. A basic criterion is that development being a dynamic process, functions cannot remain static; periodic adjustments would be necessary to suit the changing requirements. This, however, involves a latitude and not a choice. The Chapter on "Dynamics of Development" can be regarded as a kind of agenda for the PRIs. An important political ramification is that decentralisation should be genuine and adequate; it should be regarded as a functional necessity, and not as an act of political charity. It must be emphasised that decentralisation should not be perceived as an administrative concession either. The story of devolution of a small number of relatively insignificant functions should not be repeated. In view of the complexities of developmental pro- **Criteria for decentralisation**

grammes, involving multi-level planning, the State Governments will have to decentralise adequate powers and functions, and provide proportionate financial resources, at the relevant level.

Zilla Parishad and Mandal Panchayat as two key units

V.3.2 As delineated in Chapter IV, the two key levels in the whole structure would be the Zilla Parishad and the Mandal Panchayat. The Zilla Parishad would be the first point of decentralisation, and the basic unit of Panchayati Raj, endowed with a comprehensive range of developmental responsibilities. At the grass-roots level, the Mandal Panchayat will be the hub of developmental activities. Consequently, the Block will cease to be the basic unit. We are conscious of the difficulties in the transitional stage, but we do hope that the demonstrable advantages of the structure proposed in this Report would aid the process of crystallisation sooner than we expect. Recognising the need for certain flexibility, we would say that the Block should become, as early as possible, an executive committee of the Zilla Parishad, responsible mainly for the programming part of the Plan prepared by the Zilla Parishad as the focal point of planning and coordination in the Panchayati Raj structure, will be closely integrated with the planning and developmental apparatus at the State level. Our task is to ensure that such an integration does not erode decentralisation, which we regard as a developmental imperative.

Spectrum in functions and institutions

V.3.3 The Committee also feel that it is necessary to envisage a kind of spectrum of functions and structures which can come into the picture. Since at this stage the Block is the unit for developmental activities and since the Mandal Panchayats are not existing at all places, the prominence of the Block would be visible. But it is likely to prove to be a transitional stage. There would be a down-ward movement of the functions and the necessity would arise for the placing of higher-level expertise at Mandal levels. Similarly, there would be an upward movement from the Block to the District in areas such as planning. When sufficient experience is gained by the District, it would also be possible to provide allocations to the District and allow them to plan for their own requirements. These movements in the relevance of the structures, as also the functions to be discharged by them, will depend on the developmental stages and strategies.

Currently State and

V.3.4 The soundness of these criteria flows from the fact that several State Governments have already perceived their validity in some respects, and with reference to some shades in

the spectrum of developmental activities. They have been following the practice of disaggregate the State Plan into the State sector and district level schemes. By way of iilustration, we may refer to Maharashtra and Gujarat. Their experience has been studied over the years with considerable interest by a number of other States. Some States like Karnataka have divided the State Plan into the State Sector ond the District Sector, while some others like Orissa have adopted the practice of publishing disaggregated district level schemes as part of the total Plan projects. The autonomous districts in Assam have separate plans as part of the State Plan. These examples, which span a formidable body of experience, lend strength to our proposals made above. The implementation of these proposals is relatively easy now as the rules, procedures and other operational techniques already exist, and can be improved upon to suit the new structural pattern. District Sectors operative

V.4 Keeping these broad criteria in view the developmental functions relating to a district, that are now being discharged by the State will have to be decentralised to the Zilla Parishad level; such would be in agriculture and allied sectors, marketing, health, education, communications, rural industries, welfare of backward classes, family welfare and the like. We have given in the Annexure-8 a brief indicative list of functions at the Zilla Parishad, the Block, and the Mandal Panchayat levels. The Zilla Parishad will, in its turn, further decentralise functions to lower tiers and guide them as necessary in the implementation of the programme. Decentralisation at the District level

V.5.1 Certain exceptions in these decentralised functions such as Research in Agriculture, College and University Education or Medium Irrigation Projects involving complications or items covering a larger area than one district, pilot projects etc., can be contemplated. Items such as major irrigation or power projects as well as inter-district communications will naturally have to be with the State Government. In the other developmental functions, there may be components which will still have to be with the State Government. The decentralisation has to begin with the major items, and gradually cover all the developmental items. The list of transferred plan functions will naturally have to be department and sector-wise to facilitate budget and other administrative procedures. Exceptions

V.5.2 In the indicative list, clarification is needed for the exclusion of Cooperation and inclusion of Education in the Status of Cooperation

decentralised functions. The cooperative structure is a self-contained democratic organisation with its own members electing their own office-bearers. These are being realigned also to give special attention to weaker sections and in the Farmers Service Societies. The cooperatives have played, in many States, an important part in economic development. Their size and membership may not always be coterminus with the Panchayati Raj Bodies, though ultimately they may move towards close formations. The Panchayati Raj Institutions can limit themselves to motivating and organising the cooperative movement at this stage.

Education

V.5.3 The other is education. There has been some difference of opinion whether education should be placed under the Zilla Parishad or not. Several reasons are adduced against Zilla Parishad having Education also under them. It is contended that this is a routine function which need not necessarily be with the Zilla Parishad for any decision making. Further, the possibilities for their effecting any required improvement in standards or quality of education are limited. They would also misuse their powers by effecting indiscriminate transfers of teachers or otherwise harassing them. Even as it is the teachers are getting highly politicised and if they are under further tiers of elected bodies this process will be strengthened and hastened. Due to financial difficulties of Zilla Parishad for cash payment at the required time, the teachers' salaries also fall into arrears causing hardship to a large number of staff. But these aspects do not take into account the fact that some of these can be remedied. A suitable Committee for transfers with the representatives of the Zilla Parishad, a representatives of the State Government and the District Education Officer will bring in considerable evenness and method in transfers and postings. If the State Government pass on the allocations transferred to the Zilla Parishad in monthly instalments of the salary, difficulties to the teachers can be avoided. As regards the quality and standard of education, it is always within the purview of the State Government. Either an Education Board at the State Headquarters or Director of Public Instruction would also be looking after the required aspects and giving guidance to the concerned Education Officer. Further, with supervision by the local bodies the attendance of the teachers will improve in imparting the courses. If the Mandal Panchayat takes interest, the drop out ratio will come down. In adult education in particular the Mandal Panchayats will have a crucial role to play.

With the spread of education and continuing system of adult education there will be the need to weave the school with the general life of the community. The school children's need for extra curricular activities, their exposure to development programmes the upgrading of the understanding of non-student community in the village will demand closer integration between the school and the Village. For these reasons, it would appear appropriate to place the entire structure of education under the Zilla Parishad, with the high-school, middle and primary education being with the concerned tiers.

Planning

V.6 Entrustment of developmental responsibilities to Panchayati Raj Institutions in general and Zilla Parishad in particular, would remain an exercise in administrative decentralisation or may remain only partial decentralisation unless the authority for deciding what they execute is vested with them. Hence the second function to be decentralised to the District level should be Planning. In many cases at present, the decision making by the Zilla Parishad itself on all the Plan Projects pertaining to the District is not too self-evident. This comes when they have the occasion to consider in depth their own plan programmes. The District level tier should primarily have this function of planning with a flow from the Block and guidance from State. This resource planning, strategy development for the several components in the district and developing suitable projects is a theme which is always being pressed in all Plan documents. This function must be assigned to Zilla Parishad and necessary competence built up.

Functions of Mandal Panchayats.

V.7.1 In regard to the powers of the Mandal Panchayat, it will be necessary to judge the type of functions that should be given to the Mandal Panchayats from a new angle: implementational, promotional, conventional and municipal. The implementational function will be for items specifically assigned by the Zilla Parishad and will cover projects which directly touch people in the rural areas or relate to groups of people. The promotional role will be exercised to activate the community action, build up organisations and plan for projects. The conventional function will cover maintenance items such as fairs, birth and death registers, dharamshalas and the like. The municipal and welfare items include lighting, water supply, sanitation etc. At present the functions or powers are being classified department-wise and topic-wise, which may be administratively appropriate but leaves scope for assigning anything under that head.

The suggested classification will give the objectives of real transfer a little more clarity and also reflects the way in which the powers are really being decentralised, or whether Mandal Panchayats are fulfilling their role. Listing of 92 functions for a Panchayat which has no resources whatever can render the entire Panchayat system ineffective.

Illustration of implementational Functions

V.7.2 Mention of a few projects of the implementational nature illustrate the point. Reorganisation of fodder development activities with subsidised fodder cultivation, land shaping in the Command Area or water management demonstration in this area, field channels demonstration, farmers training, demonstration of multiple cropping pattern, demonstration of drainage-*cum*-recycling programme, minikit distribution, Pisci-culture, agricultural propaganda and fairs, taking-up coastal or brackish water fishery development, farm forestry, soil conservation schemes, rural housing and allotment of house sites for the landless, detailed items in the assistance to the handloom weavers, establishing of mulberry farms or gardens, tassar collection or rearing projects, coir, assistance to handicrafts men with improved tools or collection for marketing, health sub-centre construction, recruitment and looking after the rural health workers, running the adult literacy classes, rural and link roads and culverts are a few. In family welfare items such as mass education or maternity and child health, the Panchayats will have a large implementation besides motivational role.

Subsidies disbursement

V.7.3 If for individual Minor Irrigation Works (dug-wells, shallow tube wells, deepening of wells or renovation, rahats. pumpsets etc.) where 25 per cent of the capital cost for small farmers, and 33-1/3 per cent for marginal farmers is available, the panchayats may be entrusted with the task of identifying and sanctioning this, subject to the balance having been agreed to from institutional finance sources. Similar would be the position for community irrigation works such as deep tube wells or big diameter wells. The Panchayats may identify them, recommend them and also confirm that they will pay the water rates to provide for maintenance. Agricultural demonstrations are at present being organised by a team consisting of the Agricultural Service Societies, extension officer, farm leaders of the village and a representative of the credit institutions. The Panchayat President can as well head this team. The Panchayat could be involved in the disbursement of Rs. 500 that is being allowed as the cost of inputs for demonstration in DPAP areas, or Rs. 200

in SFDA areas. The Programme for soil reclamation or improvement in SFDA, DPAP, CADA Programmes would be of immense interest to the Mandal Panchayat. They could select the beneficiary, area, make sure of the disbursement and provide feedback information. Such detailed project fixing can be done in other areas of development like Small and Cottage Industries, artisan training etc. also by the Mandal Panchayats.

V.7.4 Thus, the functions assigned will have to be purposive. An omnibus enabling list will be suitable from a legal view point but will miss the priorities and the thrust needed. If in the next five years Integrated Rural Development and the Revised Minimum Needs Programme are the major activities for rural areas, the concentration of work should be on this at the Mandal Panchayat or Block level for implementation or programming. Since the Integrated Rural Development aims at "integrating field programmes, reflecting the economic activity of the rural family", the entrustment of these activities to the Panchayati Raj Institutions will be very appropriate. It would be difficult to attend to the different varieties of projects through Government machinery only at the village level. The field level implementational agencies are also necessary to achieve the coordination and participation of the beneficiaries.

Purposive work allocation needed

V.7.5 When a function is classified as implementational, it should also be understood that the functions entrusted to the Panchayats should have the money component also with them. It is no advantage to anyone if "Agriculture" is a function of Mandal Panchayat. The parts of the programme or projects should be spelt out each year; the Panchayati Raj Institutions should also know their specific role of implementation in monetary terms also. Where the Government want the Mandal Panchayats to be only of general assistance or lend support can be regarded as "Promotional".

Functions assigned would transfer money component

V.7.6 The projects would have money component for implementation, but always have a tendency to end up only as staff schemes leaving nothing for actual implementation. Such a weakness can be detected and remedied the moment the scheme is placed with the Mandal Panchayat. Whatever implementation staff is available for the projects will work under the supervision of the Mandal Panchayat concerned.

Decentralisation will help clarify the expenditure pattern

V.7.7 This detailed working will be somewhat time-taking and taxing too. But this will assist the Heads of Department or the District Level Officer to analyse the components of the

Components of

Projects will be analysed

Project for detailed implementation. This is often missed, apart from the lack of individual micro-level project development. With greater decentralisation this will be an important development to take place in specifying the operational procedure for every item of Plan items.

Transitional problem

V.8 The relationship between the implementational Government machinery and the Mandal Panchayats are not also as yet clearly defined. The lower staff will also resent the 'interference' of Panchayati Raj Institutions in their work. All Mandal Panchayats may not have the same tasks. But these problems are transitional. The very reason that Panchayats are not able to handle the small programmes raises the necessity of suitably re-structuring of the Panchayats. For the present, the existing Government staff will assist the implementation till they can be regrouped and placed at the Mandal Panchayat headquarters under their control. Further, for some time and in cases necessary, the Block/Samiti will do the work when assigned by the Zilla Parishad.

Municipal Functions

V.9 Along-with the developmental functions, the State Government should facilitate the discharge of municipal functions at the appropriate levels. The States have already generally encouraged this trend. The present concern of most of the Panchayati Raj Institutions, however, is with welfare and amenities programmes such as water supply, health and education. In view of the low level of facilities that the rural areas have, such a pre-occupation with municipal and civic requirements is inevitable. A greater awareness about these is also a healthy development. Fortunately, there is sufficient emphasis on these items in the R.M.N.P. and other items in the plan for the past few years. But some of the local requirements cannot still be incorporated into any State Plan. Considerable supplementation would be needed. These will have to be taken up by the Mandal Panchayat and upper tiers—more often at Mandal Panchayat level. It would, therefore, be appropriate to assign such municipal functions to all tiers of Panchayati Raj Institutions. It has elsewhere been suggested that the grants to be transferred by the State to the Panchayati Raj Institutions should have greater weightage towards the Mandal Panchayats. Funds raised by Panchayati Raj Institutions and grants given by Government may be used by the Panchayati Raj Institutions for welfare amenities. They may draw up their own programmes. These need not be approved by State Government except in the shape of overall

budget approval by the concerned tier. If it is not within the competence of the Panchayati Raj Institutions to execute them, the technical officers at the higher tiers may help them. These functions have largely to be discharged at the village level. Hence in the allocation of funds to the villages, constituting the Mandal Panchayat, it has to effect an equitable and fair disposal of the benefits.

V.10.1 Whenever functions are being discussed, it is inevitable to consider the regulatory functions, normally associated with law and order. Generally, no State Government conferred regulatory functions of enforcing any of the enactments to Panchayati Raj Institutions. This appears to be justified at this stage. When the society is moving fast and transitions are taking place, it is inevitable that tensions do prevail; this could, in fact, continue for more time. The Panchayati Raj Institutions themselves experience their impact and internal influence from these forces. Hence functions such as law and order or the actions under other Regulatory Acts including Social Legislations may remain with the Collector only. Regulatory Functions

V.10.2 There is, however, a grey area between developmental and regulatory powers. There would be legislations allied with the implementation of the developmental programmes. An inspection of the school, or implementation of a compulsory vaccination scheme in epidemic situation, or enforcement of fishing or fodder utilisation rights and the like, are either based or coupled with regulatory functions. Such of these regulatory functions, which are very closely allied with developmental work may be assigned to the respective tiers of Panchayati Raj Institutions, as part of the work programme specifically entrusted to them. Whenever some functions are assigned to Mandal Panchayats, the State Government will also have to devolve on them that part of the regulatory function pertinent to the discharge of their duties. Regulatory Functions in devement work

V.10.3 The flows in functions would have an effect on regulatory departments too. The Revenue Department in particular should have an emphasis on encouraging the Panchayati Raj Institutions and facilitating their programme. In allowing minor irrigations works to be taken up, in Pisci-culture, tanks being suitably utilised, in Mandal Panchayat formulating proposals for growing fodder trees in scrub-jungle, a developmental role in Revenue Department also should be noticed. Development orientation in regulatory departments

Otherwise, Panchayati Raj Institutions will find it very difficult to satisfactorily discharge their functions.

Transfer of law and order function

V.10.4 There is a categorical view that ultimately all the regulatory functions also should be transferred to the local bodies and that the Collector also should be under Zilla Parishad. This is the aim to be pursued. At this stage the Zilla Parishad should be attuned to discharge all the developmental functions and by the beginning of the next plan period make their own plans with the quantum of resources available or placed at their disposal. This will stabilise the Zilla Parishad and get suitable procedures established. The other decisions can be considered at that stage.

Functions at Growth Centres

V.11 In due course the Mandal Panchayats will have to be closely associated with growth centres. Where these have developed at the block headquarters itself the connection is already existing. Where a different growth point is developing, a cluster of Panchayats will have to meet informally but regularly and periodically at the growth centre. In association with other organisations they would consider facilities for marketing, for input supplies, for encouraging credit facilities, and other servicing and welfare requirements. Each of the Mandal Panchayats will bring in its problems so that these can be considered and met.

Movement downwards

V.12.1 Reference has earlier been made to transition from Block to Mandal Panchayat, wherein lie some shades in the development of the spectrum that has to be kept in view. At present, the Block is the lowest implementing unit in most cases. In due course, the Mandal Panchayat will have to be the base-level organisation for the project implementation. The Mandal Panchayat will gradually be able to suggest or prepare their own projects too when more projects are directly handed over to them, and when the stationing of the technical experts will move downwards.

Movement upwards

V.12.2 It is also true that at present the District level elected organisations are not functioning or have only limited powers. The Block in some ways has become the first unit of decentralisation. But its limitations will soon be evident when all functions are decentralised at the District level. It will not be able to handle some of the very important tasks to be passed on by the State Government. Its inadequacy will render the movement upwards of salient functions such as mapping the overall planning, resource grouping, credit strategy working, supervision etc. Then these functions will naturally be taken up by the

Zilla Parishad. Thus ultimately the functions will be discharged at only Zilla Parishad and Mandal Panchayat level.

V.12.3 Further, at this stage, the Panchayati Rai Institutions have to begin implementing the programmes drawn up by the States Government. The procedure to enable them to draw up their own requirements and projects is discussed in the Chapter on Planning. Zilla Parishads will prepare their own plans having been fed by plans from lower levels, as also in the light of directions from above. They will then discuss these with State Governments so that the State Plan can be formulated. The stage of doing agency functions to that of preparing and implementing their own plan is another hue in the spectrum. Greater scope in planning

CHAPTER VI

PLANNING

VI.1 The Government Resolution appointing this Committee on Panchayati Raj Institutions enunciates in the preamble that "the Government considers that the maximum degree of decentralisation both in planning and implementation is necessary". It is for this reason that one of the terms of reference emphasises "planning and implementation of schemes for rural development in an objective and optimal manner". Besides, planning is one of the important functions contemplated for the Zilla Parishad. The importance attached to decentralised planning and implementation of rural development necessitated here somewhat of a detailed consideration of the planning aspects in spite of the vast literature on this subject.

National and State Plans.

VI.2 India can claim that it has acquired a rich experience in the field of economic planning. A number of striking conceptual, analytical and statistical innovations have been introduced to effectively utilise the quantitative indices, data metrices and econometric techniques of analysis. It has, however, still remained a national economic planning. To some extent, internally consistent State plans have also been prepared keeping in mind the national policies and targets, as also a viable economic model that could be feasible at the State level. These are yet to achieve a sophistication and consistency comparable to that of the national plan.

Planning from below.

VI.3 The ideas of "planning from below" or "grass root planning" have been brought up since 1950-51 when the Plan Document mentioned that "no plan can have any chance of success unless millions of small farmers in the country accept its objectives, share in its making, regard it as their own. . . ." Till recently, the ideas have been somewhat nebulous or halting as regards the concepts of this level of planning, the modalities of it, as also the actual plans prepared. After the Balvantray Mehta Study Team Report and with the setting up of the Panchayati Raj Institutions all over the country, an amount of interconnection with ideas of popular participation in the planning process and democractic popular institutions from the village

upwards seem to have developed. The Balvantray Mehta Study Team also got the addition (January 1957) to their original terms of reference of "the question of reorganisation of the structure of district administration so as to adapt it to the needs of democratic planning". While the Team's proposal for democratic decentralisation did fill a major institutional vacuum in the planning process in India, neither the working of the Panchayati Raj Institutions nor the development of the plans at lower levels had developed the intensity, universality or success.

The present status of planning by PRIs.

VI.4 In some of the Acts, the planning function of the Zilla Parishad is referred to. Andhra Act envisages for the Zilla Parishad, the power to "coordinate and consolidate the plans prepared in respect of the Blocks in the District and prepare plans in respect of the entire District". The Bihar Act empowers the Zilla Parishad to "prepare plans for the Zilla Parishad". The Himachal Pradesh Act contemplates to the Zilla Parishad to "advise for formulation of plans, projects, schemes or other works common to two or more Panchayat Samitis" and also the power to coordinate and consolidate development plans in respect of Panchayat Samities". Punjab, Rajasthan and West Bengal Acts speak of the coordination function. Hence the role of the Zilla Parishad in the overall plan of the District was being considered for a long time. The intial institutional vigour of PRIs had considerably reduced and the mechanism of involvement of PRIs with the planning process was not too well crystalised during the 60's.

Multi-level planning

VI.5 But the ideas of "grass root planning" were getting systematized as to also include planning as at the levels of the PRIs or administrative units. Planning on the basis of given areas also came into prominence. The emphasis on "grass root planning" gradually moulded into "multi-level planning". This shift further covered areas of concentrated natural endowments or areas of special problems; as also the several tiers of PRIs. The objective of popular participation in planning was enmeshed with the PRIs as also with multi-level planning.

District Planning

VI.6.1 As a process of the development of ideas of planning from below and multi-level planning, the Planning Commission issued a set of guidelines for the formulation of District Plans in September, 1969. These have been further revised and elaborated both by the State as also the Planning Commission. Initially, the District Plans looked like a compilation of "needs" unrelated to finances. Of late, the methods of planning have

improved considerably. A large number of administrators have been familiarised with the techniques of planning and District planning through a number of training courses organised, among others, by IIPA Delhi, LBSNA Mussoorie, NIRD Hyderabad and several State level training institutions. The methodology also became more organised. A number of State Governments have also prepared the District level Plans and some of them not only show the progress in planning techniques and in perspective planning, but also bring out the difficulties inherent in District Plans and their dependence on the State and the Central Plans. A number of District profiles prepared by the Lead Banks have also done valuable ground-breaking work into the possibilities and analysis of investment into productive enterprises.

VI.6.2 The process of District planning seems to be progressing fairly satisfactorily. The data base is better and expertise of this level, from various departments, is available. It is possible to include the several growth centres and the urban areas within the District planning. The appreciation of the total resources, the credit availability and also the strategy formulation covering the several blocks would also be feasible at the District level. The Expert Working Group on Block-level Planning have also mentioned that the "first concern in this analysis, naturally will be with the District-level because it is with this level that the block has the greatest intensity of interaction". They have also referred to the "coordination", "integration" and need for harmonisation of the Block Plans with the District Plan. Finally, they were of the view: "In fact the preparation of Block and District Plans will be a part of the same exercise".

VI.6.3 At the District level, there is considerable scope for decision-making also. The level is broad enough to consider policy options. Immediately below the State, this is a strategic level for economic planning. The level of leadership normally available here is a great advantage.

VI.6.4 The enormous growth in the development responsibility of the State Government and the "deepening" of it, the emerging need for executing a very large number of location specific projects on numerous action points at a great distance from the State Government headquarters, the emphasis on evolving new strategies to deliver plan benefits to certain target-groups and the emerging necessities of depending on "commu-

nity action" or "group action", indicate the growing necessity for strengthening the planning procedure and make it also a functional tool for revitalising the participation of the people on an institutionalised base through PRIs.

The Spatial levels of Planning

VI.7 The institutional framework of Panchayati Raj emphasised by us in other chapters is a multi-tier structure with two focal units, namely, the district level Zilla Parishad and the cluster of villages level Panchayat. The block level Panchayat, so long as it continues, will play an important role in supervising the execution of development programmes. The planning part has been very ably dealt with by the Dantwala Working Group. We have viewed the problem from the functions that could be appropriately discharged by the Zilla Parishad, the Panchayat Samiti and the Mandal Panchayat. These areas will be crucial both in planning and implementation of developmental tasks. The growth centres will activate the entire economic flow and contribute to the improvement of the amenities for the adjoining areas.

Planning at District level

VI.8 The structures of the PRIs appear to provide a suitable machinery for the effective functioning of multi-level planning. Progress has already been achieved in institutionalisation and standardization of techniques and procedures for district planning. When the district is made the key unit of decentralisation, the task also becomes easy. At present guidelines are also being issued for Block level planning. This is a suitable beginning and the process itself will develop District planning. It is worth elaborating that our emphasis on planning at the District level is not incongruous with the present emphasis on block. Each is a flow into the other. A format, strategy, resource, planning, total infrastructural problems and the necessary accent on different agro-climatic zones within a District, etc., will have to be covered in District planning. The production and employment programmes should be so designed at the Block level so as to fit into the totality of the picture. The other inter-block ramifications will also be taken into purview of the District Plan. Where a Block itself cannot cover small urban areas, the District Plan will do this. The Zilla Parishad would also provide the much needed political corrective to the techno-economic plans.

A District Planning Cell

VI.9.1 A number of States have devised different ways for the preparation of the District Plans but the final answer appears to be to station a professionally qualified team at the district level.

The composition of such a group can be on the lines suggested by the recent Expert Group on Block level planning. It will consist of an Economist/Statistician, Cartographer/Geographer, Agronomist, Engineer (Irrigation/Civil), Industries Officer (Small and Cottage Industries) and a Credit Planning Officer. This group in the planning cell will have to work in close collaboration with all the other District level Officers who will be under the Zilla Parishad and who are closely associated with the problems of and potential for development. Since most of the development work will be carried through the Zilla Parishad as recommended by us, this cohesion between the implementation and the planning would be better achieved if the Planning Unit is also placed within the Zilla Parishad under the direct supervision of the Chief Executive Officer of the Zilla Parishad.

VI.9.2 The preparation of the Plan by this technical group, however, will have to take into account not only the data available, the expertise of the District level staff, the Block plans prepared but also the cross-section of public opinion. The voluntary organisations, local trade unions, Kisan Sabhas and similar other associations of the district should be consulted in the formulation stages.

Role of State Government

VI.10 A continuous assistance by the State Government will be needed. The State has to ensure that the objectives of full employment and raising the income levels of the lowest deciles are also pursued by PRIs. A uniformity in format has also to be maintained. They will have to provide the financial and physical parameters within which the District level technical group can plan for developmental subjects. They will further provide the technical expertise needed to back-stop their work. In working out the guidelines for each District, the State Government will keep in mind an equitable allocation of available resources, along with the emphasis on levelling up of certain backward areas. Some States have already worked out variants of a "Gadgil Formula" for allocation of projects to Districts. The concern of many is that in this decentralisation of plan activity, there should be fair criteria and that this process should not be affected by any predilictions prevalent in the State executive at that point of time. The Planning Board or the Planning Department of the State Government should be providing the corrective. The priorities for long range planning as also the coordination between the Districts would also be within the responsibility of the State. In this background, a

viable plan for the district would be prepared by the District Planning Unit. The State Government should also facilitate the Zilla Parishads in the preparation of their plans sufficiently in advance, if necessary, on the basis of the current year's financial resources alone. They should also give control to the Zilla Parishads over non-plan developmental expenditure so that District Planning Cell can have a full picture before them. The detailed process of planning, however, is not touched by us here as the several components of it have been enunciated by many.

Plan to be placed before Zilla Parishads

VI.11 This technical plan would be placed before the Zilla Parishad with MLAs and MPs. The Zilla Parishad would make detailed comments on this and will be able to add their knowledge and local insights to the plan placed before them. Further, it is also envisaged by us that under the "rolling plan" concept they would be reviewing the plan and the progress from time to time so that they can effectively monitor the progress of implementation. The results and the responses to certain projects will also be assessed by them. In the course of the formulation of the Annual Plans, the efforts to monitor and evaluate would be suitably reflected. The technical plan would thus be largely influenced by the representatives of the people.

State to discuss plans with Zilla Parishads

VI.12 The State Government should have a machinery for examining each District Plan in order to formulate the State Plan. It would be necessary to have detailed dialogue with the Districts, represented by the Zilla Parishad and the Planning Group. It is after these discussions that a plan which can be contained in the total State Plan structure, would evolve. The process would not, however, be over till the State Plan itself is finalised.

Urban-rural relationship in Planning

VI.13.1 Several elements will have to be considered in the District Plan. The territorial Plan of the existing District would invariably include a number of densely populated urban centres. The district planning machinery would have to be specially geared to take care of the urban-rural continuum so that it can plan for the regular inter-changes of goods, services and human population between the towns and the villages. In the case of districts which contain a large number of urban centres, these rural-urban exchanges would be sufficiently large as to demand special treatment. In the case of small towns servicing a large number of villages, the cluster level Mandal Panchayat would

have to gain inter-linkage with the economic and developmental aspects of the urban bodies.

Growth Centres

VI.13.2 Another economic activity which will figure increasingly on the horizon of the PRIs is marketing. The district level Zilla Parishad as also the Mandal Panchayat will have to be equipped to mobilise the trends and also the resources for the planned development of the markets. One of the important activities of the Zilla Parishad as also the Mandal Panchayats would relate to the promotion and development of growth centres and derive the benefit from the activities in these centres. Our suggestions in the structure take into account the economic viability of a Mandal Panchayat, its inter-dependence on market centres and growth points. Hence the plan formulation will also analyse data on growth points and centres and provide for the necessary economic flows.

Weaker Sections

VI.13.3 Another feature of district planning that should be highlighted is the special provisions relating to the weaker sections. In subscribing to the idea that it is largely the total plan development programme that should have impact on their economy, with specific components beamed at them, the District Plan formulation will benefit by the State level programmes that are already on way, and also the innovation of new ones. The District Social Justice Committee will be of considerable help in this regard. New opportunities are arising in the utilisation of certain resources as in fishery, forestry, animal husbandry, cottage industries which could be more intensively exploited or earmarked for the benefit of the weaker sections. A large number of them are landless agricultural labour. The management of their economic well-being, arranging for the mobility where required, as also the upgrading of their skills should be emphasised. The full employment objective would be more meaningful when the skills of the agricultural labour whether it be in earth-cutting or in ancillary occupations are sufficiently improved. There were 50 million agricultural labourers in 1971 and a projection is, this would be 62 million in 1978 and 69 million in 1983. If income levels are to increase and the employment programme is to afford them incremental incomes, this attention to the upgradation of skills should be a part of the plan process itself. Considerable emphasis is already being laid on the improvement of the status of the artisan class. This will have to be coupled with the follow up action for stabilising the greater employment opportunities.

VI.13.4 Apart from taking these into account, the on-going exercise involving continuous formulation of sound projects and short-term action plans will also be ingrained in District Plans. The planning at the local level should be based on project planning also. It should be the responsibility of the District Planning unit to develop plans for areas of specific endowments or covering a target group. Sometimes the soundness of micro projects is evaluated in terms of "bankable projects". But even in cases where commercial notions of remuneration and returns are not involved as in the case of distribution of several inputs to Scheduled Castes and Scheduled Tribes personnel, the field level functionaries will have to spell out the actual economic benefits anticipated so that it will be possible to render the social audit more effective. Project formulation

VI.14.1 In the past, the non-implementation of certain projects or the non-absorption by the rural areas of the benefits of the total infra-structure made available by other segments of the economy are partly due to the want of spelling out in advance the several functions involved in the execution of the field projects. In the District level plans, greater attention to the delivery systems would be necessary. The several implementation components will have to be analysed in advance. Further, the administrative analyst will have to give sufficient attention to the synchronisation and orchestration of the activities of the project level functionaries of different disciplines. The action to be taken by the different Departments and at appropriate times is not always well dovetailed. The functionaries of each district will have to chalk out their moves with reference to the needs and exigencies of the schemes. The movement or sequencing of activities of several departments should be brought into the project building part of the Plan. In future in the rural development management, this will be an important segment in the district or lower level planning. Delivery System

VI.14.2 Not only the local areas or project plans be prepared but a coherent activity analysis or flow chart of goods, services and functionaries will also have to be detailed. If such standardized micro-project plans, with precise flow of activity or movements, are made available, the problem of co-ordination will not be limited to personal intervention but will become more organised, if not institutionalised. Since the District Unit will be preparing the Block Plans attending to these should not be difficult. If this is done, the Mandal Panchayat will play a Activity Analysis

greater role in the administrative coordination and institutional supervision of on-going projects particularly of those that are entrusted to them. With an activity analysis chart with them, they would also be able to see that the inflows of the inputs are properly spaced and are being made available.

Smaller Districts

VI.15 In the preparation of the District Plans by the State Government and the Lead Banks, the variations have already been noticed in the agro-climate zones or in resource endowment. This will naturally present certain special features in the District Plan as also in the deployment of the technical personnel. To a large extent, the task of achieving a cohesion will be rendered easy with the preparation of the Block Plans. But ultimately a criteria of homogenity and manageability will come in. Here a thought about the size of the district would be relevant. At present, some districts are too large to facilitate the drawing up of a composite plan or for effectively supervising the development work. The popular representation in the Zilla Parishad, based on population, will also become too large. The problem of tackling the development work is already faced by some States and consequently, in some, more than one District Office, as in agriculture, is placed in-charge of the work. One State has two development districts, in some cases, for one revenue district. Another State has concentrated attention at the Sub-Divisional level. These approaches could be systematised only when smaller districts are created in the relevant areas. This Committee would have in mind the guidelines of compactness for planning, effectivity of supervision, manageability of programmes and reasonable number of representatives in Zilla Parishad. About a million of population would with local variations, be a reasonable target. There are other criteria also that have to be taken into account. Traditional sentiment and the likely financial implication on the non-plan side have been the factors against any action by the State, even when they notice the logic. Quite likely the effective functioning of the PRIs themselves will force the situation in favour of smaller districts.

Block level Plans

VI.16 While the District Plan will take into account a number of the above mentioned features, the Block level planning exercises will really help fill in the format of the district. The production and employment plans can be sharpened at levels lower than the district. The attempt to formulate Block level plans is on way at present. There is already sufficient

guidance for this from past experience as from the recent report of the experts.

Role of Mandal Panchayat

VI.17 To begin with, the role of the Mandal Panchayat would essentially be one of promotion and implementation. It would not be possible at this stage for them to develop viable plans of their own. With the assistance of the District Planning Cell, the concerned departmental functionaries stationed at this level will be able to build up suitable projects. The Mandal Panchayat will have to supply the necessary information about the various schemes and also suggest the potential areas of development and the type of requirements that have to be met. This role cannot be exhibited at a single point of time *i.e.* by holding a special meeting to consider the Plan draft or sending their comments to the Zilla Parishad. The Mandal Panchayat should continue to play their role in continuously articulating their interests. The Planning Units at the District should be taking note of these and be incorporating them into their Block and District plan which they will be modulating from time to time.

Responsiveness through PRIs

VI.18 It would, therefore, be necessary to regard that the District Plan is not merely an exercise in producing a participant plan or a long-term action plan. It should be an exercise also in continuous formulation of the sound projects and micro-unit plans. A total programme for agriculture and allied sector is on hand for Rs. 8600 crores for 5 years including Rs. 1000 crores of investment in agricultural financial institutions. The total credit inflow is expected to go up from the present level of Rs. 2295 crores to Rs. 4590 crores by 1980-81 and will possibly be at Rs. 7650 crores by 1982-83. It is important to notice that while the budgetary allocations may be small—say between 25 per cent to 35 per cent (of the total Rs. 8600 crores) in the 5th year—an additional amount of over Rs. 7600 crores will be available from other sources, in the year 1982-83, for the overall agricultural development. There is also the inflow of other public and private sector resources that have an impact on the rural areas. It is in fact this sizeable inflow of the credit resources that will play a crucial role in the progress and implementation of the projects. Attention is normally concentrated on the budgetary sources. The greater the capacities at all levels to utilise this available source, greater will be the fruition of the plan. The development of the capacity of the people will be the task of the plan implementation. Part of this is dependent on greater responsiveness to the views of the bene-

ficiaries and achieving suitable modulations as per their views. The PRIs have a crucial role here.

VI.19 Similar is the need for responsiveness, organisation and feedback in the implementation of the Rs. 4180 crores Revised Minimum Needs Programme for 1978—83. Under Adult Education, 66 million between age group of 15—35 have to be tackled; a public health centre for every 10,000 population is needed; a lakh of villages have to be provided safe drinking water, 40,000 villages have to be electrified; 8 million landless workers will have to be provided with developed plots along with a drinking water source for every 30 houses. These are items on which considerable local participation and study of their responses is the only way for achieving a better plan implementation.

Ultimate objective of District Plan

VI.20 The PRIs under the District and other levels are not merely a forum for obtaining the views of the popular representatives but in due course should be capable of planning the most suitable schemes that they consider will be appropriate for them. The PRIs should now get used to the District planning, the developmental details and effective monitoring and supervision. The ultimate objective should be to develop the capacities in them to plan for themselves within given resources and those that they can raise by themselves. While at present they may be working within the State level targets and structure, the District plans will influence the State and the Central plan when resources placed at the disposal become available, increasingly used in a flexible and relevant manner, to the needs of the District.

Impact on the people

VI.21 The psychic dividends of the association of the rural people with the planning and development process are, however, the crux of the matter. This should help them to raise their sights beyond their village and treating it as part of a widening developmental horizon. More importantly, this should also broaden their vision about the possibilities of growth. Their wings get touched with the desire of the sky. The more they participate in the process, the more self-reliant they would become to aspire and work for a future where man will blossom forth from "being" into "becoming".

CHAPTER VII

WEAKER SECTIONS

VII.1 The Constitution has envisaged a crucial role for the State in the protection and promotion of the educational and economic interests of the Weaker Sections, particularly the Scheduled Castes and Scheduled Tribes. Article 46 of the Constitution states: "The State shall promote with special care educational and economic interests of the weaker sections of the people and in particular of the Scheduled Castes and Scheduled Tribes and shall protect them from social injustice and all forms of exploitation". Besides this the Directive Principle of State Policy as also numerous other constitutional provisions and statutes enjoined to protect the interests of the weaker sections. Constitutional Safe-guards

VII.2 The problems of Scheduled Castes and Scheduled Tribes and other Weaker Sections have many common features. The Constitution, however, does not give any precise definition of either the Weaker Sections or offer any criterion for the determination of "other backward classes". Suggestions have been made in this Chapter to strengthen participation of Scheduled Castes and Scheduled Tribes in the electoral process by providing for reservations, and in terms of special measures to prevent leakages in the delivery system through Social Justice Committees, Social Audit, Special Legislators' Committee etc. The work of these committees will cover all weaker sections relevant to each State. Generally, however, the concern in this Chapter has mainly been with Scheduled Castes and Scheduled Tribes, though indication has been given as to how the planning process has to tackle other economically vulnerable groups. Scope

VII.3.1 In the discussions with several at the State level, as also evidence from the replies to the questionnaire, the inability of Panchayati Raj Institutions to promote the interest of the Weaker Sections has been mentioned. The Bongirwar Committee on Panchayati Raj in Maharashtra acidly summed up the performance of Panchayati Raj bodies, which is possibly applicable to many other cases, in relation to Weaker Sections when it observed: "The efforts at the organisational level of the Panchayati Raj bodies or at the individual level of the office-bearers was grievously lacking in zeal and content". It has PRIs and Weaker Sections

been alleged that intimidation, coercion and exercise of undue influence has been used by the powerful and economically better off sections to prevent the Weaker Sections from effectively participating in the electoral process. The system of cooption/nomination of Scheduled Castes|Scheduled Tribes has also been so manipulated that the nominated/co-opted members are generally allied to the dominant faction. Further, representation of Scheduled Castes/Scheduled Tribes is not proportionate to their population since the Acts specify the reservation by a particular number uniformly. In some States, despite, reservation of seats for tribals in Panchayati Raj bodies, important Standing Committees have been captured by non-tribals. The funds provided for Weaker Sections have been inadequate. Population of Scheduled Castes|Scheduled Tribes is also not taken into account for fixing the quantum of funds. In one district where tribals account for 40 per cent of the population, the Zilla Parishad reportedly spent less than 1 per cent on the tribals. Similarly, another study has revealed that funds reserved for welfare of the backward classes in a State were much below the prescribed percentage. They were only 4.9 per cent in 1969-70, 3 per cent in 1970-71, 2.1 per cent in 1971-72 and 3.3 per cent in 1972-73. Further, funds earmarked for welfare of Weaker Sections are, more often than not, either diverted to other sectors or not utilised to the desired extent. For example, in one State, 22 per cent of the Zilla Parishads spent only about 1 per cent to 8 per cent on the weaker areas.

VII.3.2 Cumulatively speaking, there have been two comments in the main: that the Panchayati Raj Institutions are often dominated by the privileged classes which are averse to pay any sympathetic attention to weaker sections; and that the PRIs are structurally incompetent to execute effectively schemes designed for the target group and hence many shortfalls. Both these criticisms have to be carefully looked into in order to provide for protective or remedial measures and promote constructive action, which is a categorical imperative in view of the fact that over one-fifth of India's population comprises of the Scheduled Castes and Scheduled Tribes. The Scheduled Castes accounted for 8.25 crores in 1971 census, forming 15 per cent of the total population. The Scheduled Tribes numbered 4.12 crores or 7.5 per cent of the total population. Scheduled Castes, on account of certain traditional disabilities, and the Scheduled Tribes mainly because of their geographical isolation, have been disadvantaged

and failed to derive, in an adequate measure, the benefits of planning and economic development of the country.

Dependence on Land and Occupational Patterns

VII.4 The problem is also aggravated due to their dependence on land and a particular occupational pattern. 120.37 million of Scheduled Castes/Scheduled Tribes out of a total of 438.8 million constitute the bulk of the rural poor. These, again, are largely dependent on land based occupations for their economy. In this context, it is worth mentioning that the number of landless agricultural labourers amongst Scheduled Castes and Scheduled Tribes which was 345 and 197 per one thousand workers in 1961 rose to 518 and 330 respectively in 1971. The occupational pattern also should be noticed: a shift from secondary and tertiary sectors to primary sector such as cultivation, livestock, forestry, fishery, etc., can be observed during the period 1961—71. 75.1 per cent and 91.3 per cent of the Scheduled Castes/Scheduled Tribes population was engaged in primary sector in 1961, while the percentage rose to 82.3 per cent and 93.8 per cent respectively in 1971. This shift is to the disadvantage of these Weaker Sections.

Jayaprakash Narayan Report on Weaker Sections

VII.5 Probably, having noticed that the Weaker Sections are not getting a fair deal in the development strategy, Government of India appointed a Study Group under the Chairmanship of Shri Jayaprakash Narayan to study specially how the community development organisation and/or PRIs can promote the economic development and welfare of the Weaker Sections; the problem was also as to how the developmental schemes and the financial assistance can be effectively utilised for these disadvantaged sections of the community. The report of this Study Group (October, 1961) commenced by indicating:

> "The Community Development Programme in this country....is beyond doubt a vital programme with important achievements to its credit. At best, however, it has been bi-focal, one focus being the block and the other the comparatively progressive and well-to-do villagers' responsive to the beneficial change. The several shifts and changes that it has undergone, from time to time, have not materially altered the basic fact that it is tending to progress more as an ordinary development pro-

gramme rather than as a community development programme. The distinction is crucial".

The Study Group recommended that the funds under grants and loans should, as a rule, be devoted only to schemes involving community participation specially benefiting the weaker sections, besides extension work including demonstration, and that schemes to give financial benefit to only well-to-do farmers should be discouraged. One of the suggestions is that the Panchayat Samitis should be seized of the responsibility for preparing and executing the schemes designed to secure full employment to the under-employed and unemployed in villages and also to provide the minimum essential requirements to the weaker sections by way of social service and welfare. The recommendations in favour of the weaker sections made in 1961, do not appear to have found fruition as yet though in 1970 the objective was re-asserted in the concept of "growth with social justice". Certain programmes such as S.F.D.A., M.F.A.L., D.P.A.P. were designed to prop the Weaker Sections' need and meet it. Thus in practice the neglect of the interests of weaker sections is a general malaise for which PRIs alone are not to blame.

New Economic Horizons

VII.6.1 The expansion of the concept of 'agriculture' itself is indicative of this. There is a growing emphasis on subsidiary occupations such as dairy-farming, poultry farming, piggery, fisheries, forestry, cottage and village industries and other activities. This is necessary for the reason that these subsidiary occupations and allied activities have large potentialities of providing employment and consequent rise in the level of living of all the Weaker Sections and these have to be fully explored. The National Commission on Agriculture had observed this phenomenon: "Traditionally, milk production or rearing of poultry, sheep and pig, sericulture, etc. are largely rural occupations and, what is more, are being pursued throughout the country by the economically poor and specially backward sections of the population....Improvement in productivity of livestock and poultry and their rearing by the weaker sections of the rural population could be a means of creating additional incomes in the rural sector and a major instrument in reducing income inequalities". It is these areas which have to be specially fostered for them and that also under the auspices of the PRIs as far as possible.

VII.6.2 The effects of exploitation of Scheduled Tribes at the economic and social levels are being sought to be neutralised and remedied through Integrated Tribal Development Projects. The Fifth Five Year Plan outlay for ITDP is of the order of Rs. 14402 million with a component of Rs. 1970 million for institutional finance. It will be in the fitness of things to run such programmes also under the aegis of Panchayati Raj with adequate safeguards so that their purpose is not defeated. I.T.D.P.

VII.7 Any assessment of the performance of the Panchayati Raj Institutions should take into account the total evaluation of the attempts at the national scene. There are inherent complexities in the totality and composition of the problem. It would be uncharitable to single out the PRIs for any shortfalls. However, in some ways, it is only by strengthening their structure and other institutional arrangements that part of the difficulty can be met. Perspective on Weaker Sections

VII.8 It is regarded by some that the problems of Weaker Sections primarily relate to the question of their widest political participation. The political character of the problem was thus emphasized by Dr. Ambedkar: "It is wrong to say that the problem of untouchability is a social problem....The problem of untouchables is fundamentally a political problem". It is by strengthening the political weight of the Weaker Sections that their disabilities can get removed. While the political character of the problem has to be tackled, the situation of the Weaker Sections requires a multi-dimensional approach. The issue has to be tackled simultaneously at three different levels—social, economic and political. It demands massive effort to bring about radical tansformation and qualitative change in their economic status which will contribute to disintegration of social barriers as also by frontal attacks on this aspect. Further there is their desire to secure not only widest possible political participation in democratic and representative institutions, but also implies that they should have an effective say in matters which so manifestly concern them in a variety of ways. It is our view that, along with various other efforts, the PRIs can provide to them the venue for an effective participation in deliberations on programmes suited to them and their implementation. Need of Multi-Dimensional Approach

VII.9.1 Several ideas have been brought up on the method of election which will find an equitable and weighted representation for them in PRIs. Some system of election poviding for a separate electoral college, exclusively composed of Scheduled Suggestions about Election Reforms

Castes/Scheduled Tribes to elect their representatives for PRIs is one of them. A slight variant is that steps to legislate can be taken for a process of reservation of seats in local bodies for landless persons (and these constitute a sizeable Scheduled Castes population) by providing that for every three seats in the pockets of the landless labourers, one seat should be reserved for them. The marginal land holders can also be included under the category of 'landless labourers'. It is contended that such procedures can alone ensure adequate and proper representation to Scheduled Castes and Scheduled Tribes in these institutions. Another is the adoption of the "List System" as a mode of election to the Panchayati Raj bodies as advocated in certain quarters.

Reservation of Seats

VII.9.2 Very germane as these suggestions are, the difficulties and ultimate results of these ideas should be weighed. An electoral college for a particular group of electors is not easy to constitute without reference to a geographical constituency; in a given area again the percentage or proportions are not easy to determine to establish the eligibility and to introduce an electoral unit of their own. The List System is alien to the territorial approach in the Indian election system and would again depend on the number of parties in the field. A system of reservations of constituencies as is being done now has tackled the problem to an extent at present and it is this which deserves attention for extended use. Likewise, with a view to provide fair deal to the Scheduled Castes/Scheduled Tribes, their representation in the various tiers of Panchayati Raj Institutions should be based on the size of their population in their respective areas.

Reservation of Offices

VII.9.3 It is suggested that the system of reservation should be extended not only for seats, but for officials also. In 666 Talukas of 15 States, the Scheduled Castes constitute more than 20 per cent of the total population. The Scheduled Tribes are in a majority in 329 Talukas—and in those areas live 65 per cent of the Scheduled Tribes. Three States of Nagaland, Manipur and Meghalaya and three Union Territories of Arunachal Pradesh, Mizoram and Dadra and Nagar Haveli have overwhelming tribal population. The Scheduled Castes/Scheduled Tribes could, therefore, roughly account for a fifth of the Talukas in conforming with 22½ per cent share of India's total population. These one thousand Talukas can be reserved for Scheduled Castes/Scheduled Tribes leadership at the Samiti level so as to ensure that the effective control to these insti-

tutions rests with them. Reservation of offices for Scheduled Castes/Scheduled Tribes will facilitate emergence of new leadership in these areas. Some States are already contemplating reservation of the offices.

Special Committees

VII.10.1 The reservation system can further be supplemented by other devices as is being done in many States. The PRIs now have committees of one type or other to look after the interests of Weaker Sections. The Social Justice Committees in Gujarat are an example and are reported to be functioning well as agencies protecting the interests of the Weaker Sections. These committees are constituted at each of the three tiers of Panchayati Raj. The Chairmen of these committees invariably belong to the members of Scheduled Castes/Scheduled Tribes. These committees enjoy special status and powers. The functions and duties assigned to them cannot be withdrawn and assigned to any other committee by the respective bodies.

VII.10.2 The elaboration of the functions merits detailed reference. The Social Justice Committees in Gujarat have played a key role in the allotment of house sites, plots to landless labourers and other Weaker Sections and in obtaining loans from financial institutions and the government. These committees also play an important role in removal of untouchability and implementation of prohibition policies. They have also helped in providing drinking water facility, etc., to the localities of the Weaker Sections. Taking into account lead from States who have tried these committees and also the response from informed opinion on the issues, the following functions can be entrusted to these committees:

(a) Matters of common or individual projects designed for the Weaker Sections of the society, including Scheduled Catses/Scheduled Tribes;

(b) planning and implementation of schemes including all matters relating to house sites, village sites, loans, subsidy, education, etc.;

(c) investigation into and disposal of cases of injustice and discrimination being done to Weaker Sections, including persons belonging to Scheduled Castes/Scheduled Tribes.

(d) planning, formulation and implementation of the schemes generally and out of the amounts earmarked for them or from their own resources; and

(e) all other situations and matters arising in respect of each case.

It is felt that the constitution of such committees with functions suitably assigned, at different tiers of Panchayati Raj, will go a long way in strengthening the position of the Weaker Sections in the Panchayati Raj bodies. Such committees should have not only an effective say in the implementation of various programmes but also in their formulation.

Social Audit

VII.11.1 Experience has shown that the funds earmarked for Weaker Sections are not being fully utilised by the PRIs. Sometimes the funds meant for the welfare of these sections are utilised for general schemes. In order to avoid such a situation and to gain the confidence of Weaker Sections, which is essential for the success of Panchayati Raj itself, specific programmes meant for Scheduled Castes and Scheduled Tribes will have to be earmarked in each of the District Plans or Sub-District level plans. It would also appear necessary that there should be an independent authority for undertaking 'Social Audit'. This would not be in the nature of financial audit or even of a general programme discussion. Broadly, it will be in many ways akin to Performance Audit; the implementation aspects will be subjected to closer scrutiny; the criterion will be not financial disbursements but the extent of the benefits reaching to the targeted groups. All the programmes will have to identify specific targets of beneficiaries and the audit will go into the realisation of these objectives of specific beneficiaries. It will also ensure that the projects designed for the Weaker Sections are implemented and that the desired impact of these progammes is not diluted. There should be a Special Audit Cell for this purpose.

Organisation for Social Audit

VII.11.2 The organisation/body entrusted with the task of 'Social Audit' should have adequate supportive staff and a base to evaluate the performance/special achievements alongwith the designed expenditure pattern. A separate wing to the financial audit set up will initially serve the purpose. The Collector in the District can be made responsible for the organisation and help to conduct the Social Audit. This does not mean that the PRIs themselves will not provide the details on projects, the benefits accruing to target groups among Weaker Sections, implementation strategy etc. However, the Collector will be the channel for the State to supply all the pertinent data to the legislature.

Committee of Legislature

VII.12 To protect the interest of Weaker Sections, political support is also necessary. It is, therefore, suggested that a Committee of the Legislature for Panchayati Raj bodies and Sscheduled Castes/Scheduled Tribes should be set up in each State. The composition of this Committee should be such as

to secure, as far as possible, majority representation of MLAs/MLCs belonging to the Scheduled Castes/Scheduled Tribes. They will go into the programmes for the Weaker Sections and their implementation. The Social Audit will report to this Committee which should be empowered to fix the responsibility of PRIs in case the special schemes/programmes meant for these communities are not implemented and the funds earmarked for these sections are not utilised properly. This Committee should be adequately assisted in its working.

Economic Programmes

VII.13.1 Let us now turn to programmes meant to ameliorate the lot of Scheduled Castes and Tribes in economic terms. It may be recalled here that according to the National Commission on Agriculture the integration of Scheduled Castes/Scheduled Tribes, both on economic and social planes, with the life of rural poor, could be attempted within a common framework of development. In accordance with the accepted strategy for the development of Scheduled Castes/Scheduled Tribes, the main thrust of development in the Fifth Five-Year Plan is to be provided by the general sectors. The plan Implementation Department/Agencies in the States/Union Territories have been asked to identify schemes, the benefits of which could be extended to Scheduled Castes/Scheduled Tribes and other Weaker Sections. The Department of Agriculture, Government of India, has been able to quantify an outlay of Rs. 420 million out of Rs. 2,500 million for the sub-plan areas in the Central and Centrally sponsored sectors for 1978—83. Similarly, other Ministries and Corporations have undertaken exercises in this behalf. Under the strategy of tribal sub-plans, 18 States/Union Territories Administration have been provided an outlay of Rs. 9,600 million out of the General Sectors for being spent in the sub-plan areas during the Fifth Five-Year Plan periods. Out of this outlay, the investment from the State Plan would be of Rs. 2,580 million during the year 1977-78. Thus, it would be seen that quantification of funds from General Sector resources to be spent on the welfare of Sceduled Tribes in the sub-plan areas has actually materialised.

VII.14.1 The selection of the Blocks for the year 1978-79 for preparation of Block level plans is based on the criteria of the population of Scheduled Castes/Scheduled Tribes. The comprehensive strategy of Integrated Rural Development which envisages a thrust on employment and on raising the levels of skills to make them more productive and beneficial in terms of

economic gains will unfold areas for Weaker Sections. It has already been noted that according to 1971 Census, 82.3 per cent Scheduled Castes and 93.8 per cent Scheduled Tribes were engaged in primary sector of production. Agricultural development programmes are, therefore, more relevant to these sectors of the population. Its extension of the new technology in the tribal economy, however, is meagre.

VII.14.2 Thus, the programmes leading to diversification of occupation will have greater degree of relevance for the Scheduled Caste agricultural labourers. Given the needed financial assistance and other support, dairying, poultry farming, piggery, etc., have tremendous potentialities to benefit these sections of the population. Certain features favour its adoption on a larger scale. The land gestation period for capital formation is relatively short. Livestock rearing is likely to become more market-oriented and profitable in the coming years. Likewise, fisheries will offer opportunities for the Weaker Sections of the coastal States in a large measure. Hence the need for providing subsidiary occupations to the bulk of labour force and relieve the population pressure on land. Benefits will also be derived from SFDA, MFAL and Revised Minimum Needs Programme. It is also necessary that the expanding opportunities such as scrub-jungle forestry or reclaimed lands from jheels and swamps, brackish water areas should be specifically reserved for them. The PRIs could be involved in opening up these occupational vistas in rural areas according to availability of resources and general level of development.

Finance Development Corporations

VII.15 In recent years, Finance Corporations/Development Corporations have been set up by a number of State Governments such as Andhra Pradesh, Kerala, Karnataka, Gujarat, Madhya Pradesh, Haryana, Punjab, Uttar Pradesh to promote the economic interests of Scheduled Castes and Scheduled Tribes. These Corporations have started playing meaningful role in the economic development of Scheduled Castes/Scheduled Tribes and it is desirable that the remaining State Governments should also set up similar Development Corporations to promote the interests of Scheduled Castes/Scheduled Tribes. In Kerala, a programme for the construction of 2,200 houses for Scheduled Castes at a cost of Rs. 5,000 each has been taken up. Recently, the programme has been expanded to include 10,000 houses per year. Out of 12.5 lakh Scheduled Castes families in Andhra Pradesh, 1.5 lakh have been given assistance through

several schemes sponsored by the concerned Corporations. Main thrust in Gujarat is on economic uplift and removal of exploitation. The Corporations in Haryana and Punjab have advanced loans etc. for various trades and callings like dairy farming, poultry, land development, etc. Similar assistance has been provided by the Corporation in Madhya Pradesh and Uttar Pradesh. It is in the working of these Corporations that support at the field level would be required which PRIs as people's institutions can best provide.

Facilities for maintaining the scale-neutrality of S and T

VII.16.1 A chronic complaint is that the developmental opportunities facilitated by modern science and technology in the rural areas are by-passing the Weaker Sections of the community. Even if the science and technology are neutral to scale, the accrual of its benefits is naturally correlated to the capital base such as land, water, credit, skill or a combination of these. It would now lie with the State to ensure through purposeful administrative measures, both protective as also developmental, to see that the scale neutrality of S & T is maintained through a proper organisation. It should be ensured that credit flow is made accessible to the poorer sections for a credit-worthy programme; that training for skill formation is continuously fostered. State should also devise ways to tackle the difficulty that is brought out, sometimes, that the amount of land and water, as at present available under the control of the State and available for redistributive justice to the marginal cultivators, is not adequate.

Powers of PRIs to evict encroachments.

VII.16.2 But many sources still exist. Our attention has been drawn to the fact that a large extent of communal lands and water resources are legally placed under the control of Panchayats and Panchayat Samitis. These are not yet being fully utilised for the benefit of the poorer sections. Hence, not only should land be made available to the Panchayats but programmes, based on such lands, should be developed mainly for the interest of the poorer sections of the community. It has also been noticed that influential people in the villages are encroaching on valuable parts of such communal property. In such cases, the eviction proceedings and the restoration of land to the Panchayats require further drive. In this context, it is necessary that the regulatory functions relating to these lands, including removal of encroachments should be rightly placed under the Panchayati Raj Institutions as part of the developmental functions.

Use of Forest Areas for Weaker Sections

VII.16.3 Apart from these communal lands, considerable quantities of land is still available under the control of the State, which, if scientifically utilised, will benefit the poorer sections. The forest departments have a large extent of reserve forests which, sometimes, do not have any tree-population. There are also protected forests, surrounding the villages, under the control of the forest department; here again, timber or even minor wood-species is not growing. Further, in some areas, there was an undefined area between reserve forests and villages where various easement rights prevail. A drive to divide these areas between village boundary and reserve forests is going on in some States and, if this is done, it would be appropriate to settle these lands with landless labour. It has been technically established that fodder trees, grown closely and continuously pollarded scientifically for foliage, can support animal husbandry effectively; it is estimated that about half a hectare of such tree plantation can fully maintain crossbred heifer in milk. A programme for linking up the right of usufruct to such tree-fodder areas with agricultural-labour families owning cows should be initiated. Areas which could not possibly be brought under commercial forestry for generations, can be a land-base for animal husbandry of the poorer sections. The lands in the "undefined area", when allotted to the poor, will be a very helpful base for animal husbandry.

Allotment of Waste Lands

VII.16.4 With technological advances the concepts of "arable land" would be undergoing changes. Different cropping patterns and systems of utilisation of even the "waste lands" are developing. The allocation of waste land need no longer be regarded as ephemeral provided sufficient inputs are afforded by the State Government. Where land is otherwise scarce, even the allotment of waste land to the weaker sections would go a long way in improving their asset position. In some States this is already being done: In Gujarat out of 14.44 lakh acres of waste land, 13.43 lakh acres have been assigned to 2.49 lakh beneficieries, a majority of whom are Adivasis, Harijans and Backward Classes—mostly landless labourers. It is such new opportunities, coupled with a strong credit and technical support base, that should be created for the weaker sections under the auspices of PRIs.

Brackish Water Fishery Culture

VII.16.5 Another major scientific finding, that will considerably help the Weaker Sections, is the extreme profitability of composite culture, under controlled conditions, of brackish water fish and prawns. On a rough estimate, more than 2 million hectare of shallow brackish water is available for such culture. One

acre to half hectare of such area can give full employment with intensive culture to a fisherman family. Most of such brackish waters are under the control of the State. It is desirable that all such waters, which could suitably be exploited, are reserved for the benefit of the poorer sections of the areas, mainly fishermen and such backward classes. The State Government should make available the required technology for the intensive utilisation of these waters and, till such time as resources do not flow from cooperatives, capital also.

PRIs to implement State supported functions

VII.16.6 A time bound programme of action to link up development of such land, or water, with poorer labour families should be made an important aspect of State's function to be implemented through Panchayati Raj. It will then be a special responsibility of the Social Audit, the Social Justice Committee, and the Legislature Committee for the Weaker Sections to see that the programme is effectively carried out and continuously monitored.

Towards the Future

VII.17 The thrust of the argument developed in this Chapter and elsewhere is that developments which are likely to take place in the socio-economic structure of the country during the next decade will determine the future role of Panchayati Raj Institutions, especially with reference to the Weaker Sections. If the Panchayati Raj Institutions are to emerge as custodians of their socio-economic interests, it will necessitate active involvement of these democratic and representative bodies in the formulation of imaginatively planned programmatic action through identification of targeted groups so as to ensure that the benefits reach the legitimate beneficiaries. The Panchayati Raj Institutions will also be expected to make full use of their intimate knowledge of the local conditions and thus enable the implementational agencies to acquire better knowledge and insight in fulfilling the felt needs of the community in general and of Scheduled Castes and Scheduled Tribes in particular.

CHAPTER VIII

ADMINISTRATION

Need for re-shaping

VIII.1 A delectable comparison of Administration is made with a woman's dress. It has to drape well with the body politic and has to fit with the contours. Thus, the system has to be moulded to the requirements of the proposed structures, responsibilities and the functioning of the Panchayati Raj Institutions. It is not the intention here to offer any new disquisition or any conceptual thesis on developmental administration, but only to outline the pattern that will be suited in decentralising the developmental functions of the State to Zilla Parishad and to the lower tiers.

Transfer of development functions and staff

VIII.2.1 It has been brought out in the Chapters on Structures, and Functions that the first tier of decentralisation should be the district and a Panchayat with a cluster of villages will have to be formed. The transition to the Mandal Panchayat from the existing Village Panchayats is needed and the Block/Samiti|Taluka may play a part for some time. The functions will be discharged by the Zilla Parishad and these lower tiers and naturally all the staff engaged in development that is now available at the district and lower levels, for these programmes, will have to be placed under the elected representative bodies.

All development staff under Zilla Parishad

VIII.2.2 This would mean that all the staff relating to the decentralised items, at the district level, and those subordinate to them in the respective departments should be working for the Zilla Parishad. With the decentralisation of functions of the State, the implementing machinery of these items should also be placed, by the State Government, with the Zilla Parishad. This would result in the transfer of the present Government staff to work in the Zilla Parishad. A separate development administration on a decentralised functioning would develop alongwith a composite Zilla Parishad Secretariat.

Seeming difficulty in change over

VIII. 3.1 A number of critical issues have been pointed out in such a change over: One set of issues relate to the staff and another to the system. The staff at present are mostly Government servants with salary scales and service regulations of the State Government with a varied recruitment background and it is pointed out that alternations in this status would not be easy nor appreciated by them; any adjustments made to suit the new

structures could, therefore, be thwarted by the staff through numerous ways. The other one is that a system of line heirarchy, unity of command at the State level, capability for transfer of technology will all be upset in evolving a horizontal control at the district level.

Administration must change to fit decentralisation

VIII.3.2 The Maharashtra and Gujarat experiences have many pointers to us on these problems, apart from the overriding need to strengthen the democratic administration. In regard to the problems of cadres, recruitment and other conditions, it would be essential to acknowledge that the fundamental change in the State apparatus at district level is taking place with the establishment of the Panchayati Raj bodies. The administrative structure will have to adapt itself to it. Promotion prospects can be stipulated which are both in the interests of the staff as also to encourage the flow of talent for higher responsibilities. The pay and other emoluments can also be protected. But the State will still have the task of maintaining a uniformity in service conditions and State level calibre for certain categories of staff who will have to serve all over the State. This takes into account certain other State obligations in zonalisation of appointments etc. While maintaining uniformity and standard, the control of the State over the field staff in-charge of district-level items will have to be less.

Staffing pattern under PRIs

VIII.3.3 It is on this broad approach that in Gujarat and Maharashtra all staff of Gazetted rank, Class I and II are kept with the State Government and those of Class III and Class IV are fully handed over to Zilla Parishads. Besides a normative approach, this has also the practical advantage that the recruitment and transferability of Class III and Class IV is generally within a district. But their promotion to Class II and Class I of State Government, as per the prevalent rules, is protected. Based on this classification, one set of staff could belong to the State level cadres and another to district level cadres. Class I and Class II Staff of State Government could work under the Zilla Parishad. There should be periodic inter-changeability at horizontal level between the State level officers and those under the Zilla Parishad. The word 'deputation' is not necessary unless the State Government would like to bring in such a system, with its other implications. Otherwise, they could be part of the State, but posted under the Zilla Parishad. The difficulty of a State level cadre working through the Class III and Class IV staff belonging to Zilla Parishad need not be exaggerated, as

even now they are virtually within the district and newly posted district level officer works with what is available to him. The recruitment and promotion of the Zilla Parishad staff can be done at the district level, but with uniform criteria; a common State level Board, or by a Board of Zilla Parishad but with State level representation can meet the requirements of qualitative standard.

All staff under a Chief Executive Officer

VIII.4 When it is postulated that all the developmental staff will be under the Zilla Parishad, it is also assumed that they will be under the administrative control of one Chief Executive Officer like a Chief Secretary, at the district level who will be under an elected body. A unity of command, as also the coordination point is achieved for work and a locus for staff control is assured. Even at present, due to the work load, the Collector is assisted normally by a person of equivalent rank, but subordinate to him to attend to the developmental matters. With decentralisation of functions under the supervision of an elected body, such a procedure will be institutionalised under the Zilla Parishad. Maharashtra calls such an officer as the Chief Executive Officer of the Zilla Parishad while Gujarat designates him as a District Development Officer of the District Panchayat. It would be appropriate that his executive and implementational functions are adequately reflected in a designation like the Chief Executive Officer. The staff working in several departments in the Zilla Parishad will be under the control of this Chief Executive Officer.

A revised set-up for coordination.

VIII.5.1 Difficulties are even now experienced in some States when the Collector is being asked to coordinate the work of other departments in the district. Several personal or departmental predilections are causing problems to the State Government in making the Collector 'the captain of the team'. It is pointed out that when the Chief Executive Officer has to head the entire secretariat of the Zilla Parishad, the existing type of conflicts between the district level heads of the departments and Chief Executive Officer could be resolved. But in the altered situation the position of the Chief Executive Officer and that of the other heads in the district would be somewhat different. Laying the overall policy and giving the necessary directions will be with the elected representatives who are immediately above. It is only the executing part of it, that will be the responsibility of the Chief Executive Officer. Under the Committee System, separately mentioned at the district level, the district departmental heads will also be the Secretaries of the

concerned Committees with the Chief Executive Officer being the invitee to the committees' sittings. Thus, the pattern contemplates a position to the Chief Executive Officer even in the committees. He has to see that the work of the committees and the decisions of the Zilla Parishad are carried forward. The opportunities for working together are more. The revised structure of an elected body acting through committees and its Chief Executive Officer achieving horizontal coordination at that level presents a different set up than the present one of the Collector getting together all the district level officers.

Chief Executive Officer to be in charge of implementation

VIII.5.2 The role of the Chief Executive Officer in the working of Zilla Parishad will have to be established. While policy formulation is with the Zilla Parishad, supported by any specific decisions taken by its committees, the entire responsibility for implementing work will be that of the Chief Executive Officer. Unless this is clearly accepted and acted upon, many of the criticisms now made against the functioning of local bodies will contiue. It may take time to establish and settle this, but the sooner it is done the better for the execution of development programme.

Chief Executive Officer to have sufficient experience

VIII.5.3 In order to discharge this responsibility effectively, the Chief Executive Officer should have adequate knowledge and competence in man-management and sufficient administrative experience to be able to function effectively as Chief Executive Officer of an elected body but simultaneously heading a group of different administrative and technical disciplines. This difficult role could be played only if a man of sufficient seniority is appointed to this position. A suggestion is that it should be the practice that a person who has successfully "done" a district for a period of not less than 3 years, be appointed as Chief Executive Officer. Without such experience and established capabilities, the functions of the entire Zilla Parishad administration with the enlarged duties will run into difficulties. It is possible that the Chief Executive Officer will be senior to the Collector under this arrangement. Since the jurisdiction of the Collector will be limited to "regulatory" functions and as an Agent for Government for Social Audit, it is unlikely that there would be any conflict developing. Unless the developmental executive is of a sufficiently high rank, it will not be possible to establish the importance that should be given to the field administration as also to the elected body.

Assistance for Chief Executive Officer

VIII.5.4 It would also be desirable that the Chief Executive Officer is assisted by a Development Officer, who would be looking after the work connected with the Zilla Parishad sittings. This work would be considerable. Such an officer could be an under-study to the Chief Executive Officer and in future would form the nucleus of a cadre of the developmental staff at the Zilla Parishad.

Transitional problems in transfers

VIII.6 The problem of transferring the entire staff to the control of the Zilla Parishad and dividing them into the State and the district staff will not present too many physical problems since it involves only a declaration that the entire staff in the district—where they already are—will be under the control of the elected body. There will, however, be personnel difficulties. This is inevitable when a new administrative set up has to be organised and different structures of democracy with greater powers are being established.

Dualism in staff structure

VIII.7 Even in States which have experimented this procedure, a dual staff system is obtaining. Those who discharge the State functions at the district headquarters are still a parallel set up to the Zilla Parishad staff. Part of this would be avoided since no restrictions of ceilings are being placed within the decentralised functions to the Zilla Parishad. The State Government will distinctively look after the major projects, certain state-sector items, or any other specific inter-district matters. Hence even if there is a State Executive Engineer for irrigation or for roads, his area of work will be different. For the technical sanctions beyond a particular limit, the Zilla Parishad Executive Engineer or the Officer of the concerned department will seek the approval of the State Superintending Engineer or other officer as required under the codal procedure. The dualism of the staff at the district level will be limited to the State functions which would be determined while decentralising the powers to the Zilla Parishad.

Administrative decentralisation and control

VIII.8 In all the discussions that we had there was a constructive approach that the administrative decentralisation of the State functions has become necessary. Most of the officers have also felt the need and validity of this stance. On two aspects there was hesitation: One is regarding the postulate that integrated development requires integrated staff structure and the second is that the staff should be under the control of an elected body. With the Chief Executive Officer acting on behalf of the Zilla Parishad and who has over-view of all the matters, the position

of an integrated administration would develop. At the lower levels, one of the problems has been that there is no agency to bring together the numerous government functionaries, even when powers are decentralised. This aspect of coordination has now assumed a great relevance in the plan implementation. In regard to the hesitation of the staff to be under the direct and continuous supervising eye of the elected representatives, it is an inevitable part of the transition in administration for which the responses have to be positive. The technical guidance of the departmental superiors would continue. This would be both *suo moto* from the superiors as also when required by the district staff. The hesitations and the reservations of administration that were obtaining when for the first time, legislatures with a Council of Ministers began functioning in the States, are being repeated in regard to the Panchayati Raj Institutions. A wholesome system of the political executive controlling the administration has developed at the State level and it is inevitable that such a rapport between the two wings will develop at lower levels also.

Role of Collector

VIII.9 In this set up at the district level, the Collector would continue to exercise the regulatory, revenue and other functions assigned by the State Government to him. For some time to come, it appears necessary that such a general representative of the State Government and also of law and order, which as a function has implications beyond district and even State boundaries should continue. The next important role of State Government—to ensure the interests of the weaker sections—would also be discharged, on their behalf when the Collector would organise and help the conduct of Social audit. The matter may have to be reviewed later when some of the regulatory functions of the State are sought to be transferred to Zilla Parishad.

Mandal Panchayat level

VIII.10.1 It is at the Mandal Panchayat level, that some detailed efforts by the State Government will be needed in settling the staffing pattern and the control. Since Mandal Panchayat would be capable of handling the developmental as also municipal welfare functions, it should be possible for them to have, instead of a part time Secretary, a full time Panchayat Executive Officer. The salary and emoluments will be such as will be appropriate at the Mandal Panchayat level for attracting a sufficiently qualified personnel. There is at present considerable staff in different departments who are attending to several development and welfare activities at the field level. The Agriculture Exten-

sion Officers, the Veterinary Stockmen, fishery extension assistants, commercial crop extension workers, small industry promotion staff, health sub-centre staff and the like would progressively move to the Mandal Panchayat level. The Panchayat Executive Officer will fulfil the role of the Chief Executive Officer. Punjab Government is starting with a team of one Agricultural Inspector, one Cooperative Inspector, one Sub-Inspector of Agriculture, one Sub-Inspector Cooperative and two Gram Sevaks; there will be two such batches to cover the focal points in the Block; as the work gets set and increases, other alterations are not unlikely.

All staff will be at a common point

VIII.10.2 It has often been pointed out that there are far too many Government functionaries at the village level, which the villager will have to approach for his different requirements. A suggestion has been made to reduce the number at the village level to only three persons, developmental or unclassified regulatory functions and Panchayat Secretary. But this problem will gradually become manageable when these persons are all stationed together at the Mandal level. At one place, the villager will be able to obtain answers to his requirements. Part of the problems of the villager is not merely in the number of functionaries that he has to meet, but also in the procedures involved. This is an area which has not been touched upon here as it requires specific study in itself. It is also pointed out that the village level staff has to submit far too many returns which detracts him from his main task of field work.

Controls over staff

VIII.11 System of line-hierarchy has been mentioned earlier for achieving results and on time. But, at present, it is contemplated that all the staff in the Zilla Parishad will be under the control of the superiors for technical matters; it gives enough scope for technical-line-control. As far as technical inputs are concerned, the system of line-hierarchy is not violated. Anyway, part of the staff of Zilla Parishad are State cadre officers. For administrative control they will be under the Chief Executive Officer of Zilla Parishad. Unfortunately, the entire perspective of administrative functioning gets somewhere or the other limited to the writing of C.C. Rolls, the approval of the tour programmes and the sanctioning of leave. Some time it is the Zilla Parishad Chairman who presses for it and other time it is the concerned district head who insists on this. This is a conflict which cannot be easily settled. A decision that while administrative control lies with the Chief Executive Officer, this would be

delegated by him to the concerned departmental district officer, can meet part of the problem. The C.C. Rolls of the district level technical staff written by Chief Executive Officer will, however, be countersigned by the concerned Head of Department. After the Zilla Parishad Chairman, the Commissioner of the Division could be the counter-signing authority for Chief Executive Officer.

A re-orientation of administrative culture needed

VIII.12 This difficulty is partly due to the fact that similar to the lack of political will that is attributed to the political executive, an administrative will to work any alternate system should also develop. Till now, control has never included a horizontal coordinating point as far as State Head of the Department is concerned. An alteration has to be fostered. The State Heads of the Department whenever they visit the district could also call on the Zilla Parishad Chairman to acquaint him of the essential features of their visit to the district. This is a procedure which is obtaining in some States for the State Directors vis-a-vis the Collector of the District. It would also be in the interest of the Chairman of the Zilla Parishad to establish a greater rapport with the State Directors so that he would be able to avoid the minor frictions with the State Government and achieve a more streamlined delivery system to Zilla Parishad from the State itself. When the new structures function efficiently, new ethos for administrative procedure will evolve. In each situation, this will have to be tailored suitably.

Administrative organisation at State Headquarters

VIII.13.1 It should also be relevant to refer to the administrative arrangements at the State Headquarters to look after all matters relating to the PRIs and actively promote their efficient functioning. At present a Community Development and Panchayati Raj Department or a Rural Development Department look after the statutory and development work of the PRIs. It does not seem necessary to have a Community Development Department any longer.

VIII.13.2 There should be a Minister for Panchayati Raj holding charge of the Panchayati Raj Department whose main tasks at the State level should be as follows:

(a) Enactment of Panchayati Raj Legislation;
(b) Elections to Panchayati Raj Institutions;
(c) Training of elected office bearers and executive officers and administration of all Training Centres meant for the Panchayati Raj system as a whole;
(d) Promotion of Audit of Panchayati Raj Accounts;

(e) Review of Panchayati Raj activities for report to the State Legislature;

(f) Promotion of camp training of elected members of Panchayati Raj.

VIII.13.3 While the workload in statutory type will probably be larger in volume than at present due to all the tiers working and throwing up a larger number of problems, it is the developmental work that will present more complications. The decentralised functions will be on a scale not seen earlier. There is also the need for constantly studying the developmental requirements and mould the structures and functions suitably; the transition in the work allotment and directional changes in the assignment of functions were referred to in the Chapter on 'Functions'.

All departments to be involved

VIII.13.4 On the routine administrative work in the general aspects of PRIs, a strengthened Directorate of Panchayati Raj and a Secretariat Department for this, would become necessary. The developmental tasks will, however, have to be taken up by all departments, probably under a Development Commissioner as in some States. The Panchayati Raj set up would be all-pervading into most of State activities, with planning and implementational work decentralised and allocated to PRIs. Each department will not only have to set its broad State-level targets and strategies but also will have to assist the implementation of them through the elected bodies. It is they who will have to study the interactions, at the State level, of other departments over their schemes and evolve action in unison. Almost all the departments except probably Home (unless they are also involved in programmes of Scheduled Castes/Scheduled Tribes) will have to play a major role in the successful working of the PRIs. Their accountability for performance would still continue. The Planning Department apart from analysing the focal points and developmental indices, will have a heavy work schedule in first assisting the formulation of District-level plans, and in synthesising District plans into a State Plan.

States obligation

VIII.13.5 In this direction, the statutes should be so framed as to facilitate the transfer of full powers. The State Government has a particular responsibility to see that these are actually observed in practice. The responsibility of the Council of Ministers at the State level in this direction assumes particular significance, as two Committees of Legislature will be looking after the entire performance of Panchayati Raj Institutions including financial devolutions and the Social Audit.

VIII.13.6 The State Government should arrange for periodical independent evaluation of the working of Panchayati Raj Institutions by competent agencies. There educational institutions, particularly the Universities, have to play an important role. Such evaluations will provide the base for remedying the operational defects and suggesting modifications from time to time. Periodic Evaluation

VIII.14 The Government of India also have the special obligation to strengthen the process of democratic development management at the rural level. They will have to extend their sympathetic support in the early stages of the scheme so that it really takes off the ground. They have to particularly see that development programmes falling in the district sector are run under the auspices of Panchayati Raj Institutions and that they in no way by-pass them. Suggestions made by the Committee such as increasing the training facilities at all levels, will require attention in the sectoral allocations of plan funds and there the Government of India will again have a positive role to play. Government of India.

CHAPTER IX

FINANCIAL RESOURCES

Introduction

IX.1.1 It is generally the view that part of the inability of the Panchayati Raj Institutions to come up to the expectation lay in their weak financial resources. While specific functions to be decentralised and allocated to them, have been discussed earlier, it is also necessary to ensure adequate availability of funds for the discharge of the responsibilities that may be entrusted to the Panchayati Raj Institutions. The decentralisation of powers by the State and the entrustment of these functions to the Panchayati Raj Institutions should take into account this aspect of financial devolution.

Finances to Zilla Parishad & lower tiers and resources to Mandal Panchayats.

IX.1.2 The financial situation of Panchayati Raj Institutions should considerably improve when decentralisation is effected with the transfer of the developmental functions of the State along with the funds for it as suggested in Chapter V. Further, avenues should be opened for Panchayati Raj Institutions to have their own resources both by their effort as also in transferring some relevant State resources. It is also necessary that in the assignment of revenues to Panchayati Raj Institutions, there should be considerable weightage to the Mandal Panchayats since the scope and capabilities to raise their own resources will take some time to develop; the grass-root level organisation has to take up many functions on a face to face basis and hence its strength has to be built up. Broadly, the general approach is that with decentralisation of functions, finances will accrue to Zilla Parishad and lower tiers and resources should be made available to the Mandal Panchayat.

Weaknesses in data.

IX.1.3 It is sometimes difficult to get the latest detailed financial picture of Panchayati Raj Institutions, particularly at the lower tiers. Many State Governments do not have data, readily available, on different aspects of the composition of the finanaces of these institutions. Information is not also available for certain years for certain States. Even what is available, is not uniform, apart from not being up to date. Even in the data the Committee have been able to obtain, the classification of items under "resources" varies considerably: under heads like "own receipts" and "other sources", sometimes assigned reve-

nues are included in "own resources" and sometimes not. The receipts of the "local bodies" are not always comprehensive and do not touch on the relative position of the different tiers.

Information on Panchayats is rather meagre. The State expenditure that passes through the Panchayati Raj Institutions from various departmental heads is not consolidated easily except for certain States. Apart from the present difficulty, this is a situation which has to be remedied by the States. Since this is a study of the trends and not a financial summation, whatever data was available was looked into. It should also be qualified that the references made here are not to pass a judgement on any particular situation, but only to be able to assess the several possibilities, and activate the thinking on all these items.

Direction of chapter

IX.1.4 Taking into account the foregoing limitations, we would like to begin with a review of the various sources of Panchayati Raj finances by undertaking a detailed analysis of taxes and fees, non-tax receipts, assigned revenues, grants and income from remunerative enterprises, follow it up with a brief statement about our overall approach towards Panchayati Raj finances and resources and end with a brief review of the pattern and procedures of financial administration for the PRIs.

Panchayats—Taxes & Fees

IX.2.1 The taxes that are levied in different States by the Panchayats broadly are : House Tax, Profession Tax, Vehicle Tax, Tax on Agricultural Land, Pilgrim Tax, Tax on Fairs, Festivals and Entertainments, Tax on Cattle, Tax on Property, Tax on Commercial Crops, Sanitary Tax, Drainage Tax, Lighting Tax, Water Tax, Tax on Fisheries, Chula Tax (Punjab) etc. Details are indicated in Annexure 9 while Annexure 10 shows the distribution of land revenue and cesses among the Panchayati Raj Institutions.

Panchayats—Receipts from taxes etc

IX.2.2. A substantial portion of the income of Gram Panchayats is from taxes and fees—optional or compulsory—levied by them as can be seen from Statement 1. Making allowances for the several shortcomings in the data, we may broadly estimate the total receipts of Gram Panchayats in India to be of the order of about Rs. 113 crores by 1976-77; of this, the receipts from taxes and fees would be about Rs. 39 crores. While this might average to about Rs. 5000 per Panchayat for the whole country, the untenability of an average figure would be apparent when we notice that Kerala average is over Rs. 1.1 lakh and that of Uttar Pradesh 0.64 thousand. However, the

limited data available over a period indicates also a trend that the proportion of receipts from tax income to the total income has not been going up substantially. Kerala alone seems to be an exception. Fluctuations of a wide range are seen in Punjab (See Statement 2 for details).

Panchayats income pattern

IX.2.3 The average income of Gram Panchayats differs from State to State, Kerala has the highest average income of a lakh of rupees per Panchayat. The average annual income of Panchayats in other States is approximately as follows:—

Maharashtra	Rs. 13,000|-
Andhra Pradesh and Gujarat	Rs. 12,000|-
Tamil Nadu	Rs. 10,000|-
Assam	Rs. 9,000|-
Rajasthan	Rs. 6,000|-
Karnataka	Rs. 5,000|-
Orissa and Himachal Pradesh	Rs. 4,000|-
U.P., Tripura and J & K	less than Rs. 1,000|-

Limitations of State-wise averages

IX.2.4 It should also be clarified that like the all-India average, the State-wise averages too are misleading about the actual situation of a large number of Gram Panchayats. In Andhra Pradesh 90 per cent of the Gram Panchayats have an income of less than Rs. 10,000|- while in Gujarat 50 per cent of the Gram Panchayats come under this category. In Haryana, there is no Gram Panchayat with an income of more than Rs. 5,000|- p.a. while about 36 per cent of its Panchayats have an income of less than Rs. 1,000|-. About 95 per cent of the Panchayats in Karnataka have an annual income of less than Rs. 12,000|-. Roughly, one-third of the total Gram Panchayats in the country are in Uttar Pradesh, of the 72,853 Panchayats in the State, only 89 have an income of more than Rs. 10,000|- per annum and the receipts of 60,608 Panchayats are less than Rs. 1,000|- per year. Thus, the Gram Panchayats in different States except Kerala, are usually without resources adequate to function as per the expectations of the people. Any comparison of average income of Panchayats has to take into account the size of the Panchayat or a village. Panchayats with larger area and population are very likely to have a higher income than Panchayats with smaller area and population. In Kerala, 95 per cent of the Village Panchayats have a population of more than 10,000. In Uttar Pradesh about 80 per cent of the villages have a population of less than 1,000 and the situation about Panchayats would probably be the same.

IX.2.5 A better indicator of the state of affairs would be the per capita receipts of the persons covered by all Gram Panchayats in the State. On this consideration, Maharashtra and Gujarat top the list with Rs. 8.41 and Rs. 7.11 respectively followed by Kerala (Rs. 5.61), Andhra Pradesh (Rs. 4.56) and Tamil Nadu (Rs. 3.78). The income of all Panchayats from all sources works out to 61 paise only per capita in the populous State of Uttar Pradesh. It will be advantageous to keep the per capita receipts criteria in mind for Panchayats in the future resources calculations.

Receipts to be looked on a per capita basis

IX.3.1 Annexure 11 indicates the sources of income of Panchayat Samitis in different States while Statement 3 gives an idea of income from taxes and other sources, accruing to Panchayat Samitis in different States. The trend of income in Andhra Pradesh, Haryana, Himachal Pradesh, Orissa and Tamil Nadu may be seen in Statement 4. Statement 7 shows the routing of Departmental funds other than C.D. through Panchayat Samitis in the States. The Panchayati Raj statutes of the States where Panchayat Samiti is a corporate body generally specify some sources of taxation for this body. Some Acts, however, do not specify any taxation powers for the Samiti, while some others lay down that they may impose any tax which the State Legislature is empowered to. The Kshetra Samitis in U.P. and Panchayat Samitis in Orissa have no powers of taxation. The Panchayat Samitis being new institutions which came into existence after most of the revenue-sources had been preempted either by the Panchayats or by the State Government, the scope for financial mobilization at this level by way of taxation or non-tax fiscal measures was rather limited. Most States have, therefore, confined the resource-raising capacity of the Samitis to cesses and surcharges on land revenue, special cesses and surcharges and a variety of tolls and fees and surcharge on entertainment tax etc.

Samiti's Resources

IX. 3.2 The financial resources of the Samitis vary little from State to State as the functions entrusted to these bodies are almost similar, except in the case of Maharashtra where these bodies do not have a corporate structure and thus no funds of their own. The funds with the Samitis are actually grants from the Zilla Parishads in this case while in other States the funds are basically the Block finances whom the Samitis replaced. The C.D. Budget was designed on a tapering basis with a provision of Rs. 12 lakhs in the Stage I and Rs. 5 lakhs

Financial situation of Panchayat Samitis

during the next 5 years. It was envisaged that the Governments would thereafter supplement the finances of the Blocks. This hope was, however, not borne out and most of the States did not take any major steps in the matter of financial devolution to this level and the activities of the blocks gradually declined and so also of the Samitis. Even with all these limitations, some Samitis have done well on the score of fiscal mobilisation. The Panchayat Unions in Tamil Nadu, for example, netted nearly Rs. 13 crores by way of income from various cesses and surcharges thereon and Rs. 1 crore from surcharge on entertainment tax in 1976-77 while the receipts from cesses of Andhra Pradesh Panchayat Samitis are expected to be of the order of Rs. 217 lakhs. The 192 Panchayat Samitis in Gujarat had a total income of nearly Rs. 26 crores (includes amount from Zilla Parishad also) from the education cess proceeds from enhancing the rate of stamp duty and the taxes and cesses which they are empowered to levy concurrently with the Panchayats. From just two sources *viz.*, duty on transfer of immovable property and tax on sale of animals, the 175 Panchayat Samitis in Karnataka were able to raise Rs. 2.2 crores in 1975-76 indicating the potentiality of fiscal mobilization at a level higher than the Village Panchayats. Thus, Panchayat Samitis in 12 States and Union Territories, where they are to levy taxes, fees and cesses etc. have mobilized, in terms of a rough approximation (*vide* Statement 3) a sum of nearly Rs. 15 crores per annum with Tamil Nadu alone contributing nearly half of it. The income of Panchayat Samiti in some of the States as readily available over a period of time can be seen in Statement 4.

Zilla Parishad resources

IX.4.1 The resources available to Zilla Parishads may be seen in Annexure 12. It is evident from it that the Mohkuma Parishads in Assam, the Zilla Parishads in Maharashtra and Uttar Pradesh have specific powers of taxation. Every District Panchayat in Gujarat can impose, after observing the prescribed procedures, any of the taxes and fees which are leviable by a Gram or a Nagar Panchayat subject to certain stipulations.

Financial situation of Zilla Parishads

IX.4.2 Statement 5 gives an idea of the financial situation of the Zilla Parishads in some States. The Zilla Parishads rarely raise their own resources and are the agencies for certain years for certain States. Even what is available, is different departments of the Government. For example, in Andhra Pradesh in 1976-77, the total receipts of Zilla Parishads

were Rs. 51 crores of which the grants for schemes or works etc. were Rs. 47 crores. In Maharashtra, the Zilla Parishads have powers of taxation, but few districts have utilised these powers with the result that only 0.03 per cent of the income of Zilla Parishads is from taxes and fees in 1971-72. The total cess and local rate together accounts for about 5 per cent of the total receipts. A substantial proportion of receipts of Zilla Parishads in U.P. is from taxes and the revenue receipts. Thus, it is obvious that excepting U.P., no other Zilla Parishad has utilised its meagre powers of taxation.

Review of tax performance

IX.5.1 We may like to supplement the foregoing illustrative review of the taxation powers and resources of the Panchayati Raj Institutions with a few general observations. In the first place, we have noticed in some cases the taxation powers given to Panchayati Raj Institutions are too wide and incapable of being meaningfully utilised *e.g.*, Gram Panchayats in Maharashtra, Gujarat and Madhya Pradesh, Panchayat Samitis in Punjab, Haryana, Himachal Pradesh, and Zilla Parishads in Maharashtra can, subject to certain provisions, impose any tax which the State Legislature has the power under the Constitution to impose. Similarly, the Taluk Panchayats and District Panchayats in Gujarat can impose any of the taxes and fees which a Village Panchayat can levy subject to certain conditions. This by implication also enables them to impose any tax which the State Legislature can. In Andhra Pradesh a Panchayat Samiti is empowered to levy a surcharge on the fees or taxes levied by a Village Panchayat. All these powers have been rarely, if at all, utilised. Further, there has been occasion on the part of some State Governments to withdraw taxes like Profession Tax from the purview of Panchayati Raj Institutions with or without compensation. In our opinion, it would be necessary to avoid giving too long and an unrealistic list of powers of taxation to the Panchayati Raj bodies.

Reluctance to impose taxes

IX.5.2 In spite of all the exhortations on the need to raise their own resources by way of taxation, there is general reluctance by the Panchayati Raj Institutions to impose taxes. This reluctance is visible not only in the case of Panchayats, which are in face-to-face contact with the people but also in case of the Zilla Parishads even in such States as Maharashtra where they are performing a variety of developmental functions and need additional resources. Thus, our studies show that although the Zilla Parishads in Uttar Pradesh are empowered to levy the

tax on "circumstances and property", only 26 Zilla Parishads impose the tax and get about Rs. 72 lakhs per year. Again, Zilla Parishads in Maharashtra are empowered to levy a number of taxes but in 1971-72, a decade after the introduction of Panchayati Raj, only some Districts were levying taxes and that too on certain items. Professional tax was levied in 8 Districts, general water tax in five Districts, pilgrim tax in two Districts and tolls in three Districts; no District levied the tax on public entertainment and the special tax on lands and buildings.

Potential of taxation

IX.5.3 The general reluctance of PRIs must, however, be viewed against the excellent potential of a number of tax sources which when properly harnessed are even now yielding substantial resources. Generally speaking, House tax is one such source with immense potential *e.g.*, 30 per cent of the income of Gram Panchayats in Andhra Pradesh (1974-75) and Kerala (1976-77) is derived from House tax. In Haryana, the entire income of Gram Panchayats is from House tax. Another source with a built-in potential is entertainment tax and surcharges thereon. The experience of Tamil Nadu and Kerala shows that these fetch large revenue to the Gram Panchayats. During 1976-77, the Village Panchayats and Town Panchayats in Tamil Nadu received Rs. 32 lakhs and Rs. 62 lakhs respectively from this source. In the same year, Kerala Panchayats received Rs. 85 lakhs from Entertainment Tax and Rs. 5.5 lakhs from Show Tax. Further, the receipts from additional Entertainment Tax and surcharge on Show Tax were Rs. 40 lakhs and Rs. 1 lakh respectively.

Need for compulsory taxation

IX.5.4. In view of the foregoing analysis, the need for some taxes being made binding upon the PRIs, is self evident. In the States of Assam, Jammu & Kashmir, Manipur, Meghalaya, Orissa, Rajasthan, Sikkim, Tripura and Uttar Pradesh, all the taxes are optional for Gram Panchayats. In the remaining States, one or more taxes are compulsory, in addition to the optional taxes available to them. Of late, there has been a desirable tendency on the part of some Governments where all the taxes have been optional to make some taxes compulsory. Thus, for example, in Gujarat, the Government made three taxes compulsory from 1970 which has led to an increase in the receipts from taxes from Rs. 3.24 crores in 1969-70 to Rs. 4.11 crores in 1970-71 and Rs. 4.25 crores in 1971-72. The Maharashtra Government made compulsory a tax on lands (not subject to agricultural assessment) and buildings and a better-

ment charge on the lands benefiting from schemes or projects undertaken by a Panchayat from the village fund. In Andhra Pradesh, where house tax and profession tax were compulsory, Kolagram or Katarusum, *i.e.* a tax on the village produce sold in the village by weight, measurement or number has also been made compulsory in 1976. That these are not isolated examples can be seen from Statement I, which shows that the percentage of income from taxes to the total income of Gram Panchayats has been high in the States where one or more taxes are compulsory. It would, therefore, be advisable that a select list of taxation powers should be given to the Panchayati Raj Institutions and out of them some should be made compulsory. It is not possible to have a standard list for all States. Certain taxes like house-tax, profession-tax, entertainment tax, special taxes on land and buildings and certain fees like various market fees should be levied compulsorily by the PRIs at the appropriate level. It is desirable that the State Government itself should specify preferably in the Statute itself, or in the alternative by rules, the minimum and maximum rates of taxes and fees leviable by the Panchayati Raj Institutions. Further, to ensure social justice, provisions may be incorporated in the Acts relating to Panchayati Raj exempting certain occupations or professions like mat-weaving and pot-making in which the weaker sections predominate. In keeping with the Constitutional provisions as also to generate additional resources the Panchayati Raj Institutions may compulsorily impose a tax on liquor where prohibition is not in force.

Panchayati Raj Authorities to collect taxes

IX.6.1 A view is often expressed that the collection of Panchayati Raj taxes could be efficient only if the State revenue authorities are entrusted with it. The general argument against the Panchayati Raj machinery is that they could not have the proverbial attitude of a tax collector and would be influenced by local considerations in dealing with defaulters; it is also pointed out that they do not have any machinery at present with them. These views have to be analysed in the light of the experience so far. In Kerala, where the Panchayats collect their own taxes, the collection was cent per cent in 787 Panchayats out of 968 in 1975-76. In Andhra Pradesh in 1974-75 out of about 16,000 Gram Panchayats, about 6,500 collected 100 per cent. The collection of taxes has gone up in Haryana from 35.83 per cent in 1972-73 to 68.13 per cent in 1977-78. In Uttar Pradesh too, the collection of taxes by Gram Panchayats

was more than 90 per cent in the years commencing from 1967-68 except in 1976-77 when it was only 88 per cent; till 1960-61, it was always less than 30 per cent and gradually increased during 1961-62 to 1966-67 to 87 per cent. These cases show that the machinery of Panchayati Raj could be quite effective by itself in collection of their taxes. We feel, therefore, that the officials of the Panchayati Raj Institutions should themselves collect the taxes as the power to impose taxes should not be divorced from the responsibility for their collection.

Combination of Patwari and Secretary not desirable

IX.6.2 The suggestion of the Santhanam Committee that taxes of Panchayats could be collected more efficiently if the functions of Government Village Accountant and Panchayat Secretary are combined in one person has not shown results. For example, in Karnataka, where this system is in vogue, the balance was about 75 per cent of the demand in 1971-72 and slightly more than 50 per cent in 1973-74. In Gujarat too, the system has created problems. It has been said that the Accountant-*cum*-Secretary, who is under the dual control of revenue and Panchayati Raj authorities, is not able to do either of his functions efficiently. When Mandal Panchayats have their own full time Secretary, the situation could improve.

Mandal Panchayat will facilitate collection

IX.6.3 In view of the weak financial position of large number of Village Panchayats which also have small population, it has been elsewhere recommended, along with other reasons, that a cluster of villages should form the Mandal Panchayat. This would make it possible for the Mandal Panchayat to economise on too many part-time or full-time low-paid Secretaries and get the services of a better paid Secretary who would look after the collection of taxes and also be responsible for the other functions entrusted to the Mandal Panchayats.

Collection of Land Revenue

IX.6.4 A related question which deserves a detailed examination is whether the collection of land revenue should be entrusted to the Gram Panchayats. In all States except Bihar, Gujarat, Rajasthan and to some extent in Madhya Pradesh, land revenue is collected by the officials of the Revenue Department. In Bihar some of the Panchayats collect land revenue but the collection is not full. Similarly, in Gujarat where the Panchayats collect the revenue through a combined official—Talati-*cum*-Mantri—the collection was 40 per cent of the current demand. With this background, it is difficult to suggest that the Panchayati Raj machinery specially, the Village Panchayats, as they are

now constituted, should collect land revenue too. While recommending that the burden of collection of land revenue be left optional to the concerned Panchayats, we would emphasise that Gram Panchayats collecting land revenue should get a commission commensurate with the results so as to provide a built in incentive. When the Mandal Panchayat comes into full-fledged existence, the policy may, however, be reviewed again.

Periodic assessment and revision

IX.6.5. Periodic revision of taxes has helped in increasing the resources of Panchayati Raj Institutions. We suggest that a special establishment, on periodic occasions, consisting of experts and Zilla Parishad members should be a great help to make an appropriate assessment of the tax efforts of the Panchayati Raj Institutions and to suggest ways for improvements, if necessary.

Non-tax receipts

IX.7.1. Provisions, though not uniform, exist in the Acts of different States for vesting in Panchayats various properties of the State Government like porambokes, roads, bridges and culverts, tanks, water-ways, minor irrigation sources, grazing lands, unreserved forests, trees on public lands, village refuse, buildings and rest houses, slaughter houses, lamps and lamp posts, ferries and other types of communal property. While some of the Acts make the transfer of such properties mandatory, some contain only enabling provisions.

Income from entrusted sources—Haryana, Punjab and Karnataka

IX.7.2 The benefits to the Panchayati Raj Institutions of such an entrustment can be noticed from two or three instances. The main source of income to Gram Panchayats in Haryana is the revenue from its Shamlat lands. Nearly 8.43 lakh acres of land are vested in the Panchayats of which 6.21 lakh acres consisting of cattle ponds, Pahar, Nale, Charand, Banjar Kadim, forests and others are uncultivable. The remaining cultivable area of 2.22 lakh acres are auctioned every year. The income from this source in Haryana rose from Rs. 1.63 crores in 1973-74 to Rs. 2.2 crores by 1977-78. In Punjab too, almost 50 per cent of the total income of Panchayats is from Shamlat lands owned by the Panchayats. These lands total about 7.52 lakh acres, of which nearly 1.89 lakh acres are said to be cultivable. During 1977-78, income from this source was Rs. 3.13 crores as against the previous year's income of Rs. 2.86 crores. The common land has also been very useful for organising the common service facilities at the focal point level. Again, the Government of Karnataka vested in the Gram Panchayats common lands assigned for common purposes such as grazing

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lands including *Gomal,* play grounds, *gunduthopu,* village forests etc. By auctioning the *gunduthopu, Gomals* or village lands, the Panchayats were able to get the benefits of additional resources. In 1976, the grazing lands including *gomal* were resumed by the Government. We do feel that all common lands be vested in the Panchayat and the State Government may lay down guidelines for their effective and profitable use. At the time of consolidation of holdings, the provision for reserving areas for common purposes should be strictly enforced and these should be entrusted to the Mandal Panchayats.

Receipts from cattle fairs

IX.7.3 The income from cattle fairs has been an important source of income to PRIs in Haryana. Apparently due to the larger organisation required, Government have taken charge of this in 1971, when the receipts were only Rs. 8.24 lakhs and by 1977-78, they rose to Rs. 60.29 lakhs. After deducting the expenditure on management, 80 per cent of the income is distributed to Panchayati Raj Institutions. When the Mandal Panchayats begin effectively functioning, this source and organisation should be made available to them, as also to Zilla Parishads.

Assigned Revenues

IX.8.1 In addition to the powers of taxation enjoyed by the different tiers of Panchayati Raj and the revenues collected by them from various non-tax sources, the statutes provide for the sharing of certain taxes levied and collected by the State Government. The receipts from land revenue, cesses on land revenue and surcharge on stamp duty are usually distributed between the Panchayati Raj Institutions. The assigned revenues constitute an important element of Panchayati Raj finance and is an indication of the possibility of financial devolution from the State downward.

Devolution of land revenue

IX.8.2 Statement 6 shows the estimated budget receipts from land revenue and the approximate disbursement to the different tiers of Panchayati Raj on the basis of the present legislation and rules in all the 22 States of India, out of which 9 States (Andhra Pradesh, J&K, Manipur, Meghalaya, Nagaland, Orissa, Sikkim, Tripura and U.P.) are at present not assigning any share of the land revenue. The total estimated receipts of 1976-77 for the different State Governments are about Rs. 199 crores. The six States of Andhra Pradesh, Bihar, Madhya Pradesh, Maharashtra, Rajasthan and U.P. account for about three-fourths of the land revenue collection. The Statement 6 shows that out of the total receipts of nearly Rs. 200 crores, a sum of Rs. 50 crores is being devolv-

ed upon the Panchayati Raj Institutions. This amounts to approximately 25 per cent of the total collection from all the States, with 4 States (Gujarat, Karnataka, Kerala, Maharashtra) transferring the entire collection. In the case of Tamilnadu, the "Land Revenue Assignment" at Re. 1 per capita of the rural population works out to more than the estimated land revenue.

Cent per cent transfer of Land Revenue

IX.8.3 Many have urged that the entire land revenue should be transferred to PRIs. The Committee agree with the proposal of complete transfer of the land revenue to the Panchayati Raj Institutions, but would suggest that this should be done in a phased manner in a period of five years taking into account the buoyancy in other State resources. While the principle is conceded, this proviso is suggested so as not to cause any dislocation in State resources which will ultimately affect the plan programmes transferable to PRIs.

Cesses

IX.8.4 Land cess, also known as local cess, local fund cess or local rate, has been a main source of rural local finances and has a large potential as a source of revenue for the Panchayati Raj Institutions. Some of the cesses are earmarked for education, road building and other public works, though often it is subsumed into general revenues and grants, not necessarily of equivalent amount, are made. Although land cess is levied in many of the States in India, there is no uniformity in respect of the rate of cess which varies from five paise to fifty paise per rupee of land revenue. The proceeds of cess are passed on to the Gram Panchayats in West Bengal, Uttar Pradesh, Kerala, Madhya Pradesh, Maharashtra and Jammu & Kashmir. In Karnataka, they are passed on to the Taluk Board. In other States, where cess is levied, it is distributed between the different tiers of Panchayati Raj. The details of the rates of cesses and the mode of distribution between the different Panchayati Raj bodies may be seen in Annexure 10.

Surcharge on Stamp Duty.

IX.8.5 A surcharge on Stamp Duty on immovable properties for local use is levied and collected by the State Governments of Andhra Pradesh, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Punjab, Tamil Nadu and West Bengal. However, the rates of surcharge and the category of Panchayati Raj bodies that are entitled to receive the proceeds vary among the States. Thus, while the maximum rate of surcharge is five per cent in Tamil Nadu and Andhra Pradesh, it is 4 per cent in Kerala, 3 per cent in Karnataka,

2 per cent in Punjab and West Bengal and half per cent in Maharashtra and Madhya Pradesh. In Gujarat, the Stamp Duty payable can be increased at the request of a District or Taluka Panchayat upto a maximum of 10 per cent or 15 per cent respectively and the extra amount thus realised is passed on to the concerned District or Taluka Panchayat. The entire proceeds of the surcharge are transferred to (i) Panchayats in Kerala, Tamil Nadu and Punjab, (ii) Samitis in Karnataka, Rajasthan and Madhya Pradesh and (iii) Parishads in Maharashtra. In Andhra Pradesh, the proceeds of the surcharge are shared by all the three tiers of Panchayati Raj. In Andhra Pradesh the portion of the surcharge proceeds retained by the State Government is five per cent. While the entire net surcharge proceeds are paid to the municipal institutions in the State, they are apportioned (on the basis of collection) among the Panchayats, Samitis and Parishads in the ratio of 3:1:1 respectively.

Revenue Potential of Surcharge on Stamp Duty

IX.8.6 The surcharge on Stamp Duty can bring in considerable revenue to the Panchayati Raj Institutions situated in areas where the value of agricultural land or other items is high. For example, Panchayat Samitis in Andhra Pradesh received in 1976-77 Rs. 97.07 lakhs as their share of the surcharge on Stamp Duty. Of this amount about 54 per cent was the share of four coastal districts. An equal amount of Rs. 97.07 lakhs was received by the Zilla Parishads in Andhra Pradesh while the Gram Panchayats received Rs. 200.26 lakhs. The Stamp Duty grant to Zilla Parishads in Maharashtra is estimated to be Rs. 41.25 lakhs in 1978-79. During 1976-77, the Village Panchayats and Town Panchayats in Tamil Nadu received Rs. 514.30 lakhs and Rs. 132.00 lakhs respectively as their share of surcharge on Stamp Duty. These figures indicate the possibilities of a considerable income from surcharge on Stamp Duty. The receipts to the State Governments from Stamps and Registration fee is, according to the budget estimates of 1977-78, higher than the receipts from land revenue. While land revenue receipts are estimated in 1977-78 to be at Rs. 228.7 crores the receipts from Stamp and Registration fees are estimated at Rs. 258.1 crores. Therefore, the surcharge on Stamp Duty will bring adequate income to Panchayati Raj Institutions.

Routing of Depart.

IX.9.1 The establishment of Panchayati Raj envisaged the channellisation of the funds for rural development of several

departments through the Panchayat Samitis. The above mentioned data, however, reveals that while the total quantum of funds passing through Samitis is definitely more than the C.D. schematic budget which was already noticed to be diminishing by the Balvantray Mehta Study Team. For example, the funds of departments other than the Community Development, routed through the Panchayat Samitis during the decade 1963-64 to 1973-74 rose from Rs. 27.20 crores to Rs. 48.50 crores in Andhra Pradesh, from Rs. 26.64 crores to Rs. 55.71 crores in Gujarat and from Rs. 19.33 crores to Rs. 99.85 crores in Tamil Nadu. During 1976-77 Rs. 63.00 crores, Rs. 129 crores and Rs. 19 crores respectively were sanctioned to be routed through the Panchayat Samitis in Andhra Pradesh, Tamil Nadu and Rajasthan. For details of funds routed from 1969-70 to 1973-74, see Statement 7.

mental Funds

IX.9.2 Panchayat Samit is not also being continuously used for all development work. Fluctuations also are noticed in certain States. In U.P., the funds routed increased from Rs. 12.4 crores in 1963-64 to Rs. 21.5 crores in 1968-69; but in the succeeding two years, it is only Rs. 3.2 crores and Rs. 1.47 crores. This decrease, it was stated, was due to the stoppage of Central Government grants. In Punjab, there was an increase from Rs. 55 lakhs in 1968-69 to Rs. 81.40 lakhs in 1971-72. In the next two years, it was only Rs. 15 lakhs and Rs. 13 lakhs respectively. In Bihar, between 1963 and 1971, the funds ranged between Rs. 3.8 crores to Rs. 3.92 crores. The fluctuations some time accounted for certain *ad-hoc* schemes like crash scheme for employment being implemented through Community Development Block|Samitis in some years. In Tamil Nadu in 1977-78, about Rs. 84 crores was the Government grant, out of the total resources of Rs. 125 crores; the Government grants were for education, local roads, water supply, nutrition, etc. The expenditure on education was a sizeable component in this, but as a total allocation it was definitely more than that of the earlier schematic pattern. Rajasthan and Tamil Nadu also routed the funds of the Community Development through Panchayat Samitis. During the same year, Rs. 10.21 crores of plan expenditure including Rs. 1.5 crores on Community Development programme was routed through the Department of Rural Development in Bihar to the Panchayati Raj Institutions. In Haryana, the budget estimates for 1978-79

Fluctuations in Routing of Funds

show a transfer of Rs. 76.77 lakhs through Panchayat Samitis and most of this was on Community Development account.

Non-routing of Plan Funds

IX.9.3 Impressive as the increase in the total quantum of funds at the disposal of the Panchayat Samitis as, our study reveals a general trend in certain States, of a large amount of developmental funds of departments other than the Community Development not being routed through the block and the Panchayat Samitis or the Zilla Parishad. Maharashtra is one of the best examples of working of the Panchayati Raj system. Even here, out of the total expenditure of the Government of Rs. 1028.90 crores in 1976-77 on revenue account, only Rs. 152.80 crores was on transferred schemes and works through the Zilla Parishad and the Panchayat Samitis. The proportion of expenditure on the transferred schemes, whether plan or non-plan, was more or less the same on an all India level. An indication that all the Plan funds relating to rural development were not being routed through the Panchayati Raj system is the fact that a separate departmental and developmental head got opened up for C.D. and Panchayati Raj system in the five-year and annual plans, apart from the other development work pertaining to rural development. For example, the Statement 8A would show the trend *vis-a-vis* the Agricultural Sector. The actual expenditure of all the 22 States on Agriculture and allied services rose from Rs. 217.19 crores in 1973-74 to Rs. 383.78 crores in 1975-76 and the agreed outlay for 1978-79 is Rs. 770.41 crores. The expenditure on the head 'Community Development and Panchayats' also has risen from Rs. 18.58 crores in 1973-74 to Rs. 29.14 crores in 1975-76 (See Statement 8-B). The outlay for 1978-79 is Rs. 47.87 crores. The allocation of Rs. 47 crores includes Rs. 15.5 crores for West Bengal which has rural works programme implemented through Panchayats. Ideally speaking, the bulk, if not all of these funds, should have flown through the Panchayati Raj Institutions.

Funds must match functions

IX.9.4 One of the important recommendations of the Committee is the transfer of all functions relating to implementation of projects at the district level to the Zilla Parishads. This automatically involves transfer of the finances alongwith projects. The allocation of the projects/plan funds has to be done on a formula worked out to achieve equity among the Districts and weightage to backward areas. Further, the non-Plan expenditure incurred at the District or lower levels should also be under the administration of the respective tiers. The distinc-

tion between "Plan" and "Non-Plan" expenditure may be useful for categorisation but is not conducive for composite development work, particularly, at the field level. Such transfer of both will give to the PRIs a plan-project-expenditure pattern and also detailed grip over the total financial picture of all the related projects; this will build up the capabilities and powers to administer it. The amount involved in such decentralisation would be sizeable, depending on the plan of the State in any given year, apart from the non-Plan developmental expenditure. To illustrate, about 45 per cent of the total State plan outlay in West Bengal, 37 per cent in Maharashtra and as high as 60 per cent in one year in Karnataka, could be the expenditure at district and lower levels. The amounts involved are Rs. 242 crores, Rs. 246 crores and Rs. 214 crores respectively. The non-Plan expenditure pattern, though normally even, would also place considerable funds at the District level. Added to this, is the test of the real capability and activity of a Zilla Parishad in attracting institutional and co-operative credit for the successful implementation of the plan projects.

Grants from the State Government

IX.10.1 Grants from the State Government are a major source of income to the Gram Panchayats and bulk of the receipts of Panchayat Samitis and Zilla Parishads are in the form of grants. These grants take different forms in different States and the terminology used may not be always uniform. They may be briefly classified as follows.

Existing Per Capita Grants

IX.10.2 Assam, Rajasthan and Tamil Nadu assign land revenue on per capita basis. In some other States, per capita grants are given from the general funds. For example, in Andhra Pradesh, Gram Panchayats and Panchayat Samitis get a grant of 25 paise and 50 paise respectively per head of population. This has been raised from 1978-79 to 100 paise and 50 paise respectively. The grant for "communications" to Panchayat Samitis and Zilla Parishads at 30 paise per head in Andhra Pradesh has been raised to 60 paise per head of population, at the rate of 40 paise to Panchayat Samitis and 20 paise to Zilla Parishads. In Rajasthan, the Government gives a grant at 20 paise per head of population per Panchayat and this has been increased from 1978-79 to Rs. 2.50 per head. This procedure of giving a grant on per capita basis should be encouraged and should be a guiding line. This should be in addition to the matching or incentive grants given for taxes collected by Panchayati Raj Institutions.

Establishment Grants

IX.10.3 On the inauguration of Panchayati Raj, certain State Governments have transferred the necessary personnel also from the State Government to the Panchayati Raj Institutions, necessitating the payment of their salaries, etc., by the Panchayati Raj Institutions. The State Government gives grants for the expenditure on transferred personnel. For example, in Maharashtra, Section 133 of the Act originally provided for the establishment grant, a sum equal to seventy-five per cent of the overall annual cost on account of the salaries and allowances in respect of the posts held by the staff of that Government which is transferred to the Parishad to be appointed to the District service. This provision was subsequently revised and expanded in 1970 to include posts which were subsequently created by the Zilla Parishads with the approval of State. As a consequence of our recommendations, staff will have to be transferred to the Zilla Parishads. This particular grant will assume some importance in this context. We recommend that administrative expenditure on their salaries, allowances, etc., as on the date of transfer, be given as a grant to the Zilla Parishads or to the other concerned tiers. The distinction between administrative expenditure and developmental expenditure should be kept in view by the State Government.

Incentives

IX.10.4 There are grants meant to provide incentives for different fields like unanimous elections, agricultural production, developmental work in general, collection of taxes, etc. These may take the shape of award of prize or provision of matching expenditure. The incentives should specifically include the election of Presidents from Scheduled Castes/Scheduled Tribes and other weaker sections and this needs to be encouraged.

Matching Grants

IX.10.5 The potential of incentives in the form of matching grants can be seen from the following examples pertaining to Tamil Nadu and Maharashtra. In Tamil Nadu, the Village Panchayats compulsorily levy and collect the village house tax subject to maximum and minimum rates laid down by the Government. To provide an incentive to collect the house tax in full, the Government sanctions a grant of rupee one per one rupee of house tax collected by a Village Panchayat. In 1978-79, the collection of village house tax is estimated to be Rs. 2 crores and the Government has provided two crores of rupees as a matching grant. Similar matching grants are provided by the Government of Assam and Himachal Pradesh.

IX.10.6 The Tamil Nadu Government gives a matching grant to the Panchayat Unions on the basis of the rate of local cess surcharge levied by them. Under the revised formula of grant due to reclassification of blocks, greater weightage is given to cases where local cess surcharge is levied at higher rates. These matching grants did provide an incentive to the Tamil Nadu Panchayat Unions to increase the rates of levy of local cess surcharge. In 1963-64, all the Panchayat Unions were levying a local surcharge of less than Re. 1/-, whereas in 1972-73, out of the 374 Panchayat Unions, 216 were levying a surcharge of more than Re. 1. By 1976-77, out of 374 Panchayat Unions, 215 were levying a local cess surcharge of more than Rs. 2/-; 63 out of them were levying Rs. 2.50. The Government of Maharashtra also pays local cess matching grants on similar conditions with similar results. Therefore, the Committee strongly recommend that the State Governments should consider the possibility of providing adequate matching grants to enable the Panchayati Raj Institutions to raise and increase the optional taxes, cesses, etc., in a suitable manner. In Tamil Nadu and Maharashtra

IX.10.7 The matching grants discussed provide incentives to the Panchayati Raj Institutions to adequately utilise the existing tax-paying capacity of the rural population; but an equitable assignment of revenues and of plan projects has to take into account the need to upgrade backward areas and raise the levels of living of the weaker sections. A number of State governments have set up equalisation grants to meet this need. Equalisation Grant

Gujarat Government provides for the creation of the State Equalisation Fund to be utilised for making special grants to backward districts so as to minimise the socio-economic inequalities between various districts in the State. The Government of Andhra Pradesh at the inception of Panchayati Raj constituted a non-lapsable fund of Rs. 32.50 lakhs as the Equalisation Grant to assist the backward panchayats in their economic programmes. The Maharashtra Government too has an equalisation grant for Gram Panchayats, worked out on a different basis. If the amount of grant of land revenue payable to a panchayat under Section 131 was found to be less than the amount arrived at on the basis of one rupee per capita of the population of the village, the Panchayat is entitled to an equalisation grant equal to the difference between the two amounts. The Assam Panchayati Raj Act, 1972, provides for Assam Rural Development Fund which in addition to contributions from the State

and Central Government and other sources comprises of Equalisation Fund, equal to a share of land revenue which is a sum not less than 10 paise per capita of the population of the district, where Mohkuma Parishads have been established under the Act. The Government of Pondicherry credits 20 per cent of the local cess levied on land revenue to the Panchayat Equalisation Fund.

Importance of Equalisation Grants

IX.10.8 When the State Government gives necessary compulsory powers for taxation, and also alienates certain revenues, the available amount for an "Equalisation Fund" would be meagre. Whatever is available will have to be effectively used for allocation, selectively for backward pockets. In any criteria, the linkage of distribution with the inability to raise their own resources will sometimes be a disincentive to greater efforts. Similar would be the situation if any linkage is made with existing available per capita resources. Hence absolute indices will have to be evolved as part of the criteria. It would be desirable to distribute the amount among such backward panchayats on the basis of population. The amounts should be utilised for productive schemes.

State Finance Commission

IX.10.9 In order to prevent State Governments' motivated decisions in the allocation of resources, or halting decisions resulting in neglect, some have urged that there should be a Finance Commission in each State to decide upon the distribution of finances between the State Government and the Panchayati Raj Institutions. This is on the analogy of Article 280 of the Constitution of India which provides for a Finance Commission to recommend as to the distribution of taxes, which are to be or may be divided between them under Chapter I of Part XII, and the allocation between the States of the respective shares of such proceeds and the principles which should govern the grants-in-aid of the revenues of the State out of the Consolidated Fund of India. This demand also flows from the advocacy of a three-tier system in the polity, implying a clear division of financial powers and resources between the State and the Districts. This system of division necessitates a Constitutional amendment of a detailed nature. Secondly, it is proposed that the plan be formulated by the Zilla Parishad, ultimately with some amount of flexibility. At this stage, it is this allocation of plan projects, district-wise, that will have to be done by the State Government on an equitable basis, but with due weightage for backwardness. Some States are already

working on such a formula designed to suit the requirements of the situation. If a State Planning Board is in charge of the equitable allocation, there would be flexibility of approach in taking care of weaker sections too. The idea of State Finance Commission does not appear to answer this particular major requirement as it is directed for an assessment of non-plan expenditure of the districts for the devolution of tax and non-tax resources of State Government and bringing out the possible "surpluses" available for development work. Even if this is done many complications, not always to the advantage of the Districts, could emerge. It would not be desirable at this stage to formulate Zilla Parishad Plan on the basis of "their own resources" plus State assistance, as is now being done for the State Plans by the Centre. Thirdly, the task of a State Finance Commission, which, for instance, may have to go deeply into the financial situations of say 72,800 Panchayats, 878 Samitis and 55 Zilla Parishads would be unenviable. Fourthly, the Central Finance Commission to a large extent takes into account the commitments of the State Government towards the local bodies both in grants as also in staff. At least peripheral problems are bound to arise if a State Finance Commission also functions. Finally, a State Finance Commission is contemplated more for protection and equity than for tackling the developmental complexities annually. If these can be met as part of the system of assignment of functions, the need for a separate statutory organisation does not arise. It has also been separately suggested that the entire expenditure on administration, as on a particular date, should be met by State Government. The non-Plan expenditure on the staff transferred or deputed to the Zilla Parishad should also be borne by the State Government as part of our scheme of decentralisation. In the light of this, the primary concern should only be on a fair allocation of plan projects.

Remunerative Enterprises

IX.11.1 Ever since their inception, Panchayati Raj Institutions have undertaken remunerative enterprises to increase the employment opportunities in their area and also to improve their own financial resources. Shops, markets, bus stands, rest houses and cultural halls can be constructed since the growth of population and the increasing urbanisation of rural areas will ensure a steady and growing income to the Panchayat bodies. Planting of fruit-bearing trees, produce of which could be auctioned, may be taken up with small investment. Scientific

pisciculture can be encouraged to become a valuable source of income. For example, in Andhra Pradesh 12½ per cent of the income of Gram Panchayats in 1974-75 was from remunerative enterprises and three-tenths of this was from pisciculture. The income of Village Panchayats in Tamil Nadu from remunerative enterprises has gone up from Rs. 12.31 lakhs in 1966-67 to Rs. 57.02 lakhs in 1976-77 while that of Town Panchayats on the same account has shot up from Rs. 42.47 lakhs to Rs. 1.23 crores in the period. Similar rise was also seen in the income from remunerative enterprises of Panchayat Unions, from Rs. 23.19 lakhs to Rs. 1.20 crores. In Kerala, out of Rs. 10.25 crores of the total revenue income of Panchayati Raj Institutions, the income out of remunerative assets was Rs. 2.12 crores in the year 1976-77. In Andhra Pradesh, the income of Gram Panchayats from remunerative enterprises was Rs. 1.56 crores in 1974-75 and Rs. 1.9 crores in 1975-76. Small scale industries like rice and flour mills, brick making, bone-crushing, canning of fruits and bottling of fruit juices can also be taken up by Mandal Panchayats. Thus, there is a great potential for development of profitable enterprises in the Panchayati Raj sector. The Governments of Uttar Pradesh and Orissa have taken some steps in establishing industries through the Panchayati Raj Institutions in 1960's. By 31st March 1978, there were 874 Panchayati Udyogs in U.P. providing employment to 7,415 skilled and unskilled labourers.

New Opportunities

IX.11.2 Besides enterprises on traditional lines, there may be new opportunities for investments by higher level tiers. At one time, the urban local bodies used to handle power supply, which, in some instances, was a successful commercial as well as welfare venture. The Panchayati Raj Institutions now could consider the bulk purchase of power and its distribution in profitable ways. Transport too is another activity on the same lines. The need for sophistication in organising and running of operations and the absence of a commercial spirit in the local bodies are cited against such attempts, alongwith the failures of the efforts in one or two instances. But there is no reason why in future all these talents cannot be fostered in districts, some of which are larger than some of the modern sovereign States.

Government Loans for Remu-

IX.11.3 The need to provide budgetary loans to the different Panchayati Raj Institutions to enable them to set up remunerative schemes is recognised. Provisions exist in almost all

nerative Assets

the States to enable the Panchayati Raj Institutions to borrow from higher tiers of Panchayati Raj or Government. For example, Karnataka Government has provided Rs. 8 lakhs towards loans to Village Panchayats for creation of remunerative assets in the budget for 1978-79. West Bengal has provided Rs. 50,000 towards the same end. Punjab Government provides, since 1957-58, loans to revenue earning schemes of Gram Panchayats. The Government of Haryana, till 31st March, 1978, had advanced loans to 613 Panchayats to the extent of Rs. 51.33 lakhs. Such a scheme of support by State Government from budgetary sources carrying small or no interest supplemented by institutional finance would go a long way in helping the Panchayati Raj Institutions to proceed with their aims of establishing remunerative enterprises. In selected cases, Government can also provide allocations as seed money to the Mandal Panchayats when they secure the institutional financial support to build up any remunerative asset. Further, there are enterprises and schemes which can be taken up on an area or project basis for the Panchayati Raj Institutions, with the assistance of the financial institutions, including the World Bank. The State Governments should explore all such possibilities, in addition to getting the benefit of different financial institutions to individual institutions. Ultimately, it is incumbent upon the Panchayati Raj bodies themselves to take up the initiative and consider the pros and cons of different types of enterprises and to choose the proper ones. This calls for imaginative leadership and close and active co-operation between the officials and non-officials on the Panchayati Raj bodies on the one hand and between these bodies and the State Government on the other.

Panchayati Raj Finance Corporations

IX.11.4 In seeking measures to make finance available to PRIs, the Santhanam Team suggested that every State Government should establish a Panchayati Raj Finance Corporation to provide loans to Panchayati Raj bodies to enable them to take up different types of remunerative enterprises. Many of the Committees appointed by different State Governments have echoed this suggestion. A number of persons whom the Committee interviewed were also of the same opinion.

Positions obtaining

IX.11.5 A few instances of action taken in this regard may be referred to here. The Uttar Pradesh Government established in 1973, the Uttar Pradesh Panchayati Raj Vitta Nigam Limited to extend financial assistance to Panchayati Raj Institutions in the various developmental activities for which such an assist-

ance was not ordinarily available from commercial banks. By December, 1977, loans for about Rs. 25 lakhs were sanctioned of which Rs. 18 lakhs were disbursed. The Government of Bihar set up the Bihar Panchayati Raj Finance Corporation Limited, in October, 1974. Considering the size of these two States, the impact of these institutions on the situation seems to be not much. The Kerala State Rural Development Board which approximates to a finance corporation was established to attract institutional finance for rural water supply and provision of assistance to rural industries. The Board completed 159 schemes of rural water supply, with LIC assistance. Remunerative development schemes such as shopping centres, market places, lodging houses are also taken up on behalf of Panchayats, but through Public Works Department. This could be done as the Reserve Bank of India permitted the Board to float debentures to the tune of Rs. 50 lakhs.

Limited Utility

IX.11.6 The overall position in regard to flow of institutional finance is that the planners do take into account the total available institutional credit under the matrix of investible funds in different areas. The establishment of a new financing body, dependent partly on public borrowing, is not likely to add to the total availability of the credit. The more important part is the flow of credit to Panchayati Raj Institutions from one source or the other. Secondly, the projects to which assistance is proposed to be channelled through the finance corporations are not unique. Small industries like poultry, oil crushing, palm processing, seri-culture or others that have been considered eligible for assistance from the Panchayati Raj Finance Corporation are also those which are eligible for finance from several other sources. Thirdly, a system of granting individual loans which is contemplated in one of the Finance Corporations, has little relevance to the Panchayati Raj Institutions except for the recommendation. Institutions for specific purposes like housing, water supply or creation of capital assets, which could attract institutional finance, are already being started in some States. In view of these factors, the Committee feel it unnecessary to ask the States to establish Panchayati Raj Finance Corporations. What is required in this context, is a greater rural orientation to all the financial institutions and the Panchayati Raj Institutions should be enabled, if necessary, by suitable modifications in the procedures to become beneficiaries of those for undertaking works of common importance.

Overall Approach

IX.12.1 In the foregoing sections, we had reviewed, rather in detail, the current situation in the flow of funds to Panchayati Raj Institutions from diverse channels and also pointed out the possibilities for either strengthening or emulating the procedures in other States for augmenting the resources. While this process may have to continue for some time, it requires to be emphasized that any proposals for financial devolution or financial decentralisation should not emanate from a traditional approach but from our basic commitment to the logical imperatives of the dynamics of development which clearly postulate the entrustment of a great deal of developmental functions at the district level, with the Mandal Panchayat playing a key implementational role. We are interested in building the bridge between the developmental functions and the financial decentralisation which has been missing. For discharging the developmental responsibilities entrusted to Panchayati Raj Institutions, the State Government should make available the commensurate funds from its total budget on a continuing basis. The non-plan expenditure pertaining to the decentralised items will be administered by the Zilla Parishad. Thus, financial devolution must correspond to the functional decentralisation. Once this principle is accepted, the Zilla Parishads would be assured of finances which match their responsibilities; they can decentralise further as appropriate. Financial Devolution & Functional Decentralisation

IX.12.2 Apart from the budgetary devolution from the State Government, the Panchayati Raj Institutions also should mobilise enough resources of their own. No democratic institution can continue to maintain its operational vitality by depending upon external resources. For this purpose, all Panchayati Raj Institutions should have compulsory powers of taxation. The thesis "no taxation, only representation" should be discouraged. Representation involves inescapable responsibility of raising resources for development and welfare work. The taxation powers given by the Government, which should be limited and specific, should, however, not operate inequitously. In addition to certain compulsory taxation items, optional items should be given to the Panchayati Raj Institutions, which should be exercised depending upon the local situation. Incentives can be offered for optional taxes realised. Powers of Taxation

IX.12.3 In addition to taxes, the Panchayati Raj Institutions should levy fees/taxes for services like lighting, sanitation, Panchayats Income

from Fees

water supply, etc. The maxima and minima of these fees should be laid down to avoid arbitrariness or lack of uniformity.

Assigned Revenues from Government

IX.12.4 At this stage, land revenue, cess on land revenue, cess on water rate, surcharge on stamp duty, entertainment tax and show tax, etc., should also be assigned to the Panchayati Raj Institutions with higher percentage to Mandal Panchayats. To provide local initiative the Panchayati Raj Institutions must be statutorily empowered to request the State Government to increase the cesses.

Entrustment of Resource Raising Assets

IX.12.5 In the emerging rural development programme, the transfer of public properties such as porambokes, grazing lands, unreserved forests, orchards, public lands, cattle ponds, fishery tanks, ferries, quarries, etc. would have great significance and these should be statutorily vested in the Mandal Panchayat in cases where it is not already done. This is not a mechanical transfer but for the purposes of maximising the yield out of these resources; this activity will increase as a part of their functions. In the emerging context of escalation in their potentialities and fiscal worth, markets, hats, shandies, fairs, etc., will be a significant source of revenue. Hence, custody of fairs, hats and other markets should be vested with the Panchayati Raj Institutions. Kerala Panchayats had an income of Rs. 37 lakhs from markets in 1976, while the agricultural market yards in Punjab yield as much as Rs. 20 crores per annum. Strategically located Mandal Panchayats or the Zilla Parishads, should be able to benefit immensely from the market development activities. With a sizeable population-base and a territorial jurisdiction covering a number of "markets" the Mandal Panchayat would be able to tap a more diversified resource base with greater intensity and elasticity. It is these revenue yielding sources that should be built up both with budgetary support of Government and institutional finances. Such sources will be mostly with Mandal Panchayats but can be transferred to Zilla Parishad, depending upon the size of the source.

Prospects for Per Capita Grant

IX.12.6 As earlier pointed out, it is necessary for the Panchayati Raj Institutions, particularly Mandal Panchayats, to have resources of their own to take up important welfare activities, supplemented by those provided in the Plan. Apart from the taxation powers of their own and transfers effected through several possibilities indicated earlier, a permanent annual grant of not less than Rs. 2.50 per capita should be available to the

Mandal Panchayats. It should be, the objective; the quantum of several transfers should be, at least, to this target. What is supposed to be a loss in elasticity, as in stamp duty, will be gained by a certainty of an amount. The total expenditure on this account may not be more than Rs. 125 crores and keeping in view the fact that State Governments are already assigning considerable amounts from a variety of sources and through a maze of channels, such a target will be feasible. Such a transfer will enable them to maintain an adequate establishment to pursue the developmental functions as also the necessary capability to develop further resources. It will give greater opportunities to the Mandal Panchayats for their own resource management.

Total expenditure pattern in Zilla Parishad

IX.12.7 A surmise about magnitudes and not of the figures about the likely total financial handling of Panchayati Raj Institutions would not be out of context. The budget estimates of allocation under "Plan Head" of States for 1977-78 was about Rs. 4300 crores. Of this the range of expenditure allocable to districts can be between 35 to 40 per cent. This means somewhere between Rs. 1505 and Rs. 1720 crores should be available to Zilla Parishad and lower tiers. The non-plan developmental expenditure for the same years was about Rs. 4850 crores. Of this, if 30 per cent could relate to districts i.e. Zilla Parishads, about Rs. 1455 crores could be handled by them. Thus out of the State development budget of Rs. 9150 crores, the Panchayati Raj Institutions may be incharge of Rs. 3175 crores on the present computation, which is about 33 per cent of the States' Plan and non-Plan development budget. Per district, it will be about Rs. 8 crores. Added to this is the credit availability of over Rs. 2000 crores which on an average is about Rs. 5 crores per district.

In Mandal Panchayat

IX.12.8 The Mandal Panchayat's financial position also would improve under our overall recommendations. The tax-revenue of the present Panchayat is about Rs. 40 crores, which may increase to at least Rs. 100 crores with more avenues offered to them; the grants from Government will be about Rs. 125 crores. A portion of the total of Rs. 1720 crores of the plan allocation, estimated earlier, for district and lower level schemes, should be able to provide about Rs. 700 crores for Mandal Panchayats. Thus, about Rs. 900 crores are in sight besides what they will raise from remunerative assets which can be about Rs. 100 crores. Even if about 40,000 Mandal Panchayats are formed the average

financial handling will be about Rs. 2.5 lakhs. While these are broad forecasts, the scope of the financial management with which they will be entrusted would be evident.

Budgeting and Accounting

General Observations

IX.13.1 On budgeting, accounting procedure as also on audit, there have been reports of Study Teams. These were the Report of the Study Group on Budgeting and Accounts Procedure of Panchayati Raj Institutions (1963) headed by Ramakrishnayya and the Report of the Study Team on the Audit of Accounts of Panchayati Raj Bodies (1965) headed by R. K. Khanna. In many ways, the suggestions made in those reports are still relevant and are being implemented gradually by the State Governments. Though detailed information as to the modfications brought about as a consequence of these recommendations is not immediately available, certain general observations would still be relevant.

Pattern of Budgeting

IX.13.2 The pattern of budgeting, followed by the Panchayati Raj Institutions, should be simple. The "budget heads" should be such as will fit into the "minor heads" of the State Government Budget, making it possible to correlate the financial provisions in any Panchayati Raj tier with the corresponding heads in the State Budget. For want of such correlation in this regard, the Budget heads of even autonomous bodies, such as District Councils, cause confusion in regard to receipts as well as expenditure. The budgets of any tier of the Panchayati Raj Institutions should be prepared sufficiently early as per dates fixed by the State Government. In order to facilitate this, the State Government should also give advance intimation of the provisions that the Panchayati Raj Institutions should take into account for the ensuing year's budget. Modifications, if any, could be taken care of by way of revised estimates. It is also necessary to contemplate enough latitude to the Panchayati Raj Institutions in the financial year expenditure and lapse of funds. In the case of Mandal Panchayats, the accounting year may close with 31st August. In the alternative, funds due to lapse on 31st March, may be retained by them to the extent of the requirements up to 31st August.

Ways and Means Position

IX.13.3 Ways and means position of the Panchayati Raj Institutions should also be kept in mind. The Government could facilitate monthly disbursement to the Panchayat Institutions by releasing the allocation of assigned revenues or of funds meant for the local sector in well equated instalments. The diffi-

culty in the payment of teachers' salaries by the concerned tier of Panchayati Raj is partly due to the paucity of funds at the required time.

Budgetary Procedure

IX.13.4 The State Government also will have to evolve a budgetary procedure which will indicate the transfers of different types to the Panchayati Raj Institutions. In Maharashtra, departmental allocations are broken up, Zilla Parishad-wise. In Tamil Nadu, the State Government has evolved a separate budget, designed as Panchayat Development Schematic Budget. This shows the local revenues, the Government grants of different nature as also the resources specially allocated for different schemes. Such a picture of the total available resources would further assist the Legislature to assess the effectivity of the Government's desire to decentralise the total expenditure pattern. Such a dis-aggregation is also being attempted in the formulation of the State budgets in regard to the tribal sub-plan, wherein departmental allocations flowing to the tribal areas are now being separately shown. These are illustrative examples and the State Governments will have to evolve their own procedures in the light of experience. The Committee did not go into the technical details of this alteration or procedures that might be necessary.

Norms for budgeting

IX.13.5 Some of the statutes prescribe some norms for the preparation of the budget. For example, the Gujarat Panchayats Act, 1961, requires that the budget estimates of the Gram|Nagar|Taluka and District Panchayats should be so prepared that at the end of the year the Panchayat should have at its credit a balance of not less than such amount as may be prescribed in that behalf. In Andhra Pradesh and Karnataka, the Panchayati Raj Institutions are required by executive orders to set apart a prescribed percentage of their funds for programmes relating to Scheduled Castes. Each State Government, it is recommended, may taking into account the local circumstances, prepare comprehensive guidelines for the use of their officers and Panchayati Raj Institutions for preparation as well as approval of budgets. Such guidelines would minimise the possibility for friction between the various authorities and the Panchayati Raj Institutions. Such guidelines could also cover the non-utilisation of funds meant for specific purposes like the programmes relating to Scheduled Castes, etc. Greater attention to this aspect is needed in the light of past experience. The authority to approve the budget can look into such possi-

bilities of large amounts remaining unspent and the best way would be to provide a stipulation of reduction in non-earmarked funds|projects for shortfalls in this expenditure.

IX.13.6 An important element to be emphasised both in the preparation of the budget as also in its format is the emphasis needed to be placed on sufficient allocation and earmarking of the funds for the projects for the weaker sections. The quantum provided and the appropriate utilisation for the target-groups would be within the jurisdiction of the Social Audit.

Approval of Budget

IX.13.7 In the States of Gujarat, Haryana, Kerala, Punjab, Tamil Nadu, Manipur and Tripura, the budget of the Gram Panchayats is approved either by the Panchayat itself or by the Gram Sabha. In Gujarat, the budget estimates of the Gram|Nagar and Taluk Panchayats have to be scrutinised by the Taluk|District and District Panchayats respectively; the budget of the District Panchayat does not need the approval of any other authority. Nevertheless, Panchayats at each tier in Gujarat are entitled ultimately to pass their budgets giving due consideration to the suggestions of the higher tier. In other States, the budget has to be approved by the next higher tier of Panchayati Raj or an officer of a higher level. Such an approval, by a higher authority, may appear to negate the theory of democratic decentralisation which requires each tier of Panchayati Raj to be responsible to itself; yet such an approval seems to be a desirable practice, for it provides a linkage and also enables the higher level tiers of Panchayati Raj, which usually sanction funds, etc. to know what is happening at the lower tiers and also to make suggestions for better utilisation of such funds. Further, in practice, the power of rejecting the budgets outright has been rarely exercised by the higher authorities; situations where different tiers may be manned by different interests or personality clashes develop may arise in future in view of the recent tendency on the part of political parties to fight Panchayat Raj elections on party basis, but this need not weaken the processes of organic linkages between the different tiers.

Financial Administration

IX.13.8 The Finance & Accounts Codes of the State Governments are applied to the Panchayati Raj Institutions to ensure uniformity in procedure. A sufficiently high ranking finance officer should be placed at the District level as the entire plan and non-plan funds would be under his supervision. The deliberative functions on financial aspects may be with a Finance Committee. It is absolutely necessary to have adequately train-

ed staff so that effective functioning of decentralisation can be achieved. The instruments for external control of financial administration are in the procedures for the approval of the budget, the system of audit and legislative supervision.

Financial Administration in North-Eastern Councils

IX.13.9 We may, in passing, make a brief reference to the accounting procedure of the autonomous District Councils in certain regions of Assam. While para 7(3) of the Sixth Schedule to the Constitution of India stipulates that the accounts of the District Council shall be kept in such form as the Comptroller and Auditor General of India may prescribe, such uniformity is to be achieved. In regard to Audit also, the State Government will have to streamline the procedure in consultation with the District Councils. It is enjoined that the Comptroller and Auditor General shall cause the accounts of the District Councils to be audited in such manner as he may think fit and these reports shall be submitted to the Governor who shall cause them to be laid before the Council. Under para 13, the estimated receipts and expenditure pertaining to an autonomous district which are to be credited to, or is to be made from the Consolidated Fund of the State, shall also be laid before the Legislature in a particular manner. These procedures need to be followed appropriately and the District Councils, autonomous as they are, should show more efficient systems of accounting and budgeting.

Own resources to develop

IX.13.10 These are examples of autonomous units with greater powers than visualised in this report. In some ways those have many lessons for the future set up of the PRIs. In spite of their working for considerable period, some of the autonomous District Councils, in the north-eastern region, as yet appear to be very heavily dependent on Government assistance. Further, the expenditure pattern also needs greater guidance from the State. In the year 1977-78, in one District Council, the Government assistance was Rs. 95.18 lakhs as against Rs. 40.66 lakhs of their own revenue. In another, own revenue there being only Rs. 6.54 lakhs as against the Government assistance of Rs. 1.09 crores. The State Government seems to countenance a situation where it has to fund the expenditure without having an occasion to discuss this in Legislature. The general axiom that the expenditure on administration should be minimum, applies to the District Councils also.

Audit Reports

IX.14.1 On Audit, the Committee could hardly add to the Report of the Study Team headed by Khanna and referred to

earlier. Most of the States do not appear to have followed up these suggestions. Maharashtra is one of the States which is preparing for every financial year a consolidated Finance Account, with an Audit Review on the working of Panchayati Raj bodies and places it before the Legislature from 1967-68. The first such Consolidated Account with Audit Review for 1967-68 was presented to the State Legislature in October 1971, for 1968-69 in April 1974, and for 1969-70 in March, 1975. The delays in placing these reports on the Table of the Legislature did not detract their usefulness and they provide a comprehensive financial picture of each of the Zilla Parishads including the Panchayat Samitis in their jurisdiction. Every State should endeavour to present such consolidated finance accounts to the Legislature. We recommend that suitable provisions to the effect should be incorporated in the legislation relating to Panchayati Raj bodies. To avoid delays, due to audit, the State Governments may also consider the possibility of publishing merely the consolidated accounts expeditiously for the information of the Legislature.

Quicker Audit

IX.14.2 In this connection it has also been pointed out that the delay in audit partly caused by inadequate staff and partly by lackadaisical procedures is causing inconvenience to the entire system of PRIs. This is an aspect which State Governments should immediately review. A system of "internal auditor-cum-financial guide" has also been suggested, which should be encouraged.

Speedy Clearance of Audit objections

IX.14.3 The difficulties in meeting audit objections and of tackling cases of irregularities of different types have been repeatedly mentioned. In one of the States, which has otherwise adopted the appropriate procedures, quite a large number of cases were outstanding despite special report made by audit. 4019 cases (amount Rs. 49 lakhs) were pending finalisation on 31st March, 1969. 1,175 fresh cases (amount Rs. 16 lakhs) were reported and 154 cases (amount Rs. 0.67 lakhs) were disposed of during the year 1969-70. As on the 31st March, 1970, 5040 cases (amount Rs. 65 lakhs) were pending of which 1230 cases (amount Rs. 13 lakhs) were pending for more than four years. In some other States even such an analysis might not be readily available. While the plethora of outstanding audit objections is a feature of State Accounts in a larger measure, the clearance of those pertaining to Panchayati Raj Institutions has special importance in view of the proximity

and involvement of people's representatives with the expenditure at these grass-root levels. A speedy clearance of these objections would ensure purity in public life and will help to squarely fix the accountability.

IX.14.4 On the question of accountability, our attention has been invited to two aspects; the harassment caused to some lower level functionaries who may not be well acquainted with procedural details, and the advantage taken by clever functionaries in falsification or destruction of reports so as to escape the consequences due to the efflux of time. Post-audit is no advantage to the nascent Panchayati Raj Institutions and to avoid these eventualities, a concurrent audit by the Examiner of Local Fund Accounts would be the solution in our view. It might be a little more expensive but the process of educating the electorate does need these additional outlays, if necessary. Concurrent Audit

IX.14.5 Another difficulty, both for the Government as also to the recipient Panchayati Raj Institutions is the delay in the submission of the completion or utilisation certificates for the grants and other transfers effected by Government. In one of the States, Report of the Comptroller and Auditor General of India for 1975-76 shows that at the end of September 1976, over 74 thousand completion certificates were awaited for grants made earlier to March, 1975. Of these, about 48,000 certificates (Rs. 84.34 crores) related to grants paid up to 31st March, 1972. Of the total, about 19,000 related to Community Development and Panchayati Raj amounting to Rs. 45.12 crores. In some States, further grants are getting chocked up for want of utilisation certificates for grants earlier made. Thus, in one State, in 1977-78 while the Budget had made allocation of Rs. 161.38 lakhs, the actual amounts transferred were only Rs. 107.58 lakhs. A suggestion had also come up for the complete waiving of the completion or utilisation certificates since the Panchayati Raj Institutions find it extremely difficult to fulfil some of the rigorous conditions implied in the certificate. The State Government too, on their part are not in a position to actually check any of these items. Also such a waiving, it is urged, will actually help the Panchayati Raj Institutions by enhancing their willingness and in building up their capabilities for the implementation of programmes which, in due course, with the transfer of certain specific functions by the State Government, are bound to be far more than they are at present. Hence, we recommend that proce- Utilisation Certificates

dures for submission of utilisation certificates by the Panchayati Raj Institutions for the grants given by Government must be made simpler.

Committee of Legislature for Panchayati Raj Finances

IX.15 Another important step taken by the Government of Maharashtra in 1975 is the appointment of a Panchayati Raj Committee which is a Joint Committee of the Legislature. The functions of the Committee bear reproduction. They are:

(a) To examine the Annual Administration Reports of the Zilla Parishads and Panchayat Samitis presented to the Legislature under Section 142(4) of the Maharashtra Zilla Parishad and Panchayat Samiti Act, 1961.

(b) To examine the consolidated Finance Accounts of the Zilla Parishads and the Audit Review Report on the Accounts of the Zilla Parishads prepared by the Chief Auditor, Local Fund Accounts and presented to the Legislature by Government.

(c) To exercise the function of the Public Accounts Committee and the Estimates Committee in relation to the Budgets and Accounts of the Zilla Parishads and Panchayat Samitis. The Committee cannot examine and investigate matters of major Government policy, matters of day-to-day administration of Zilla Parishads and Panchayat Samitis and matters for which special machinery is established. However, the Committee can examine the Presidents of Zilla Parishads, the Chairmen of Subjects Committees, and Chairman of Panchayat Samitis, the C.E.Os. of Zilla Parishads, or any other officer.

We strongly recommend that the State Governments should consider the establishment of such a Committee of the Legislature to be specifically interested in the financial performance of Panchayati Raj bodies. There should also be adequate audit regularly done quickly and upto-date. If necessary, the staff should be strengthened for this purpose. The essential element should be that this Committee be seized of the current situation and not grapple with old problems.

Administrative Reports

IX.16 The submission of the audited accounts of the Panchayati Raj Institutions to the Legislature would ensure the accountability of the Government for the funds they have routed through Panchayati Raj Institutions, but legislators would be interested not only in financial condition of the Panchayati Raj

bodies, but also in the way the Panchayati Raj bodies are performing the functions they are expected to. So it is necessary that along with the consolidated finance accounts, the State Government should also lay on the Table of the Legislature, an Administrative Report on Panchayati Raj Institutions. Such reports should clearly show the various aspects of Panchayati Raj. For example, it should include:

1. District-wise data on proceeds from each of the different taxes and fees which each tier of the Panchayati Raj Institutions are permitted to levy;
2. Demand, collection and balance statements for each of the taxes leviable by Panchayati Raj Institutions;
3. District-wise details of the receipts from (i) different grants, (ii) a systematic classification of funds transferred with decentralised functions, (iii) non-plan financial allocations of grants by the State, and (iv) Panchayati Raj Institutions' own resources;
4. Performance of Panchayati Raj Institutions providing various welfare services like lighting, street cleaning, provision of latrines, maintenance of markets, cart-stands, bus stands etc.;
5. The concerned Departments should also include in their annual administrative reports the achievements of their targets or a resume of their performance through the Panchayati Raj Institutions.

CHAPTER X

HUMAN RESOURCES DEVELOPMENT

Training

X.1 In many ways the human resource is more vital than the financial. The value of 'human factor' in development process is not only a component in growth but also shapes the texture of our society. Development of human resources should, therefore, be the primary feature in Panchayati Raj Institutions. Public consciousness and interest in these institutions must, therefore, be oriented accordingly. The functionaries and the staff in the Panchayati Raj Institutions should also be adequately equipped to play their apportioned role in this behalf.

X.2 The need for training of the personnel, as a part of building up the manpower potential, was recognised from the very beginning of the community development programme in India. The emergence of Panchayati Raj contributed further to the awareness of the need and importance of training especially for the non-official members of the community at large. Several Committees appointed by the various State Governments devoted attention to this vital aspect of Panchayati Raj. In Rajasthan, the Sadiq Ali Team emphasised the need for training in human relations. The Bongirwar Committee laid stress on making training relevant to the conditions, systems, problems and requirements of Panchayati Raj development in Maharashtra. In Gujarat, Zeenabhai Darji Committee felt that "training is the best measure for making Panchayati Raj successful". In Andhra Pradesh, the Narsimhan Committee broadly endorsed the recommendations of Vengal Rao Committee and underlined the need for orientation training to both officials and elected representatives so that they could think and plan on proper lines. Another Committee in Rajasthan headed by Shri Girdhari Lal Vyas commended right type of training at regular intervals both for officials and non-officials engaged in Panchayati Raj.

Combined orienta-

X.3 The issue as to whether the training envisaged for officials and non-officials should be imparted in separate or composite groups has come up for debate eversince the inception of

Panchayati Raj training programme. Experience has, however, shown that the training imparted to a composite group has the added advantage of providing opportunities for exchange of views and cross-fertilisation of ideas. It enables them to understand and appreciate each other's view-points with greater clarity and empathy. The participants tend to realise and absorb how they, through their attitudes and approach to others, can facilitate or impede progressive action by providing leadership and evoking co-operation. Thus, the desirability of providing an orientation to the elected representatives and officials together needs no further emphasis. A "culture of togetherness" between the elected representatives and officers can be fostered by well designed courses. The implementation of the programmes of development would depend on this. Courses of ten days duration should be adequate. tion courses.

X.4 This is not to deny the need for separate courses for officials and functionaries of Panchayati Raj bodies. The officers should first get acclimatised to the immediate supervision by elected bodies; their competence should be built up in procedures; full implications of the rural development projects understood by them; administrative management should be sharpened. Virtually, a new administrative culture has to be imbued into them. The training will aim at functional specialisation and skill-upgradation. The training should also provide know-how in micro-plan building and problems of implementation. The framework of the personnel policy should take care of initial training, job supervision, inservice training, incentives and other related matters. These courses will be of a longer duration. Training for Officials

X.5 The functionaries have to have greater awareness that PRIs are not power centres but public service organisations and that the PRIs are change-agents for the quality of life and economic development of the people. The general ethos and commitment to the continued functioning of the democratic structures is essential. They should also have acquaintance with the procedures and systems so that they understand that the role of actual implementation should be clearly left to the official hierarchy. It would be desirable that the Universities/colleges are associated with these courses for the functionaries as the experience and informed opinion will be advantageous to both. Training for Elected Representatives

X.6 A broad surmise of the requirements, can be had at this stage by simple arithmetic. There were 2.06 lakh Panchayats, 4,032 Panchayat Samitis and 262 Zilla Parishads as on 31-3- Size of the Problem

1977. If Panchayats are re-organised in due course on the basis of 15,000 population per Mandal Panchayat, their number is likely to be reduced to about 33,333 in addition to Panchayats in the hilly, tribal and special areas. The targeted training population on the above basis can be estimated at 33,333 Pradhans|Sarpanchas, 4,032 Chairmen of the Panchayat Samitis for the present and 399 Chairmen of the Zilla Parishads. As the Vice-Chairman and subject-Committee Chairman also will have to be trained, the number will be much larger. Besides these, training arrangements will be needed for thousands of officials of different categories in the various States|Union Territories. The scale of training effort now envisaged would ultimately be determined by the size of the Panchayat. A comprehensive training programme which aims at covering both the officials and non-officials, associated with different tiers of Panchayati Raj in a vast country like ours, is bound to be of staggering dimensions. It will necessarily require the deployment of resources—human as well as financial—in sizeable proportions.

Existing Network

X.7 The current efforts in the sphere of training are being made on a series of different levels through a network of institutions spread all over the country. 14 State level institutions, 10 tribal training centres and 45 Panchayati Raj training centres are located in various States. There are also 81 Village Level Workers centres for men and 20 for women in the States| Union Territories. None of the Union Territories barring Goa and Arunachal Pradesh, have for the present, any training institution in the related fields. Training centres have been established at the State level and in the districts, which offer training facilites to various functionaries|officials of Panchayati Raj Institutions. The District Training Centres could suitably be supplemented by peripatetic programmes organised by the State level institutions.

Panchayat Training Institutions

X.7.1 Training centres for Panchayat Secretaries are available in all the States except Andhra Pradesh, Kerala, Orissa, Sikkim and Tamil Nadu. By the end of March, 1976, there were 47 training centres for the training of Panchayat Secretaries in the country. One of the major attempts should be not only to activate the existing institutions but also to augment their number commensurate with the requirements. This process should begin immediately.

X.7.2 Training institutions for intermediate-level officials and non-officials have also been established. These institutions conduct a variety of courses, viz. orientation course, refresher course, job training course, etc. Besides these, separate training institutions for job training of Industries Extension Officers, Co-operative Extension Officers have been established. Panchayati Raj forms an important item on the curricula of the courses arranged by these institutions. Training courses are also organised by voluntary organisations like All India Panchayat Parishad, and such efforts should be encouraged.

Other Courses also touch Panchayati Raj

X.7.3 At the apex, the National Institute of Rural Development at Hyderabad, is the premier institution for training and research in rural development. Training programmes on various aspects of rural development have been undertaken by this Institute for the past several years. These are oriented to meet the needs of the senior functionaries at different levels, from District levels onwards including the non-officials. The participants include senior administrative and technical officers of the Union and State Governments, Members of Parliament and State Legislatures, office bearers of Zilla Parishads, officers of public and private undertakings, etc. The Institute has acquired a national status. This has to be further upgraded for training of trainers to improve the level of training in States, for field studies and for consultancy work. The faculty has to be strengthened for specialization. The organisational issues and the financial problems of PRIs should be dealt with in depth. There should be an invariable component of field studies of specific issues and problems relating to Panchayati Raj. The element of research should be emphasized so that its consultancy capabilities to assist the States are adequately developed. The micro-plan building and rural development management aspects also should receive attention. In view of the growing trend towards publication of State documents in regional languages, a translation wing is needed. This will help in conducting training courses also, where essential, in local languages.

National Institute of Rural Development

X.7.4 Training institutions have, by and large, been functioning in a low key in most of the States and leave much to be desired. This is attributed to constraints of resources, unsatisfactory staffing pattern, absence of a linkage with the Universities/colleges, lack of proper physical facilities, defects in syllabus and training methodology, etc. Suitable remedial measures

Training Institutions to be strengthened

should be initiated with a view to resuscitate and revitalise these institutions.

Evalution

X.7.5 Evaluation and follow up are important components of any programme administration. Suitable techniques of evaluation should be evolved to assess the effectiveness and impact of training. The nature, level and content of the courses, training methodology, the adequacy and quality of instructional staff should be periodically reviewed and follow up action taken at an all-India level. Apart from this, training programmes in evaluation methods are needed to be designed.

Adult Education

X.8 Special reference is needed to Adult Education programmes as the National Adult Education Programme aims at developing greater awareness amongst the people of their position as citizens. The Government of India has approved the programme of educating 100 million adults and an outlay of Rs. 200 crores has been provided for in the Plan. The education will have to be given developmental orientation. The exact import of such an attempt has been often analysed and need not be dilated here. Adult education can serve as a potential tool for developing latent civic consciousness amongst the people and help in strengthening their faith in the working of Panchayati Raj. The schools in rural areas can be developed as the nucleus for implementation of this programme. The Panchayati Raj Institutions should play a major role in organising these courses which ultimately are for their own advantage.

Role of Women

X.9 In developing and harmonising the human resources in developmental endeavours, the most important part of our population needs special discussion. Out of 264 million female population, 214 million live in rural areas. Of 31 million women at work, 28 million were in rural areas. According to 1971 Census, it is the vast resources which is already contributing richly to rural economic development that has to be given a greater role in the Panchayati Raj Institutions.

Participation in Decision Making and Elections Process

X.10.1 The involvement of rural women in the developmental process has always been regarded as an integral part of the total development of the village community. The introduction of Panchayati Raj has added another dimension to the role of rural women. Their role in decision making on development projects has been brought to fore-front. The Committee on the Status of Women in India has even suggested establishment of statutory women's panchayats at the village level. The proposal

emanates from the postulate that their contribution to the rural economy has not been adequately appreciated and if appreciated has not been institutionalised; that their representation in Panchayati Raj Institutions is mainly 'token' and not effective in articulating women's needs or for mobilising their adequate participation. These two aspects of a voice in decision making and participation in the elective process are in a way related. Greater representation of women in the Panchayati Raj bodies and participation in the elective process are in a way related. is likely to influence both the directional and the implementational level.

X.10.2 With regard to participation in elections, part of the idea in the Punjab Panchayat Samitis and Zilla Parishads Act, 1961, would be relevant. The Act provides that two women securing the highest number of votes amongst the women candidates in the election, take the seats reserved for them. This is a method of co-option by election. The Committee would support such a procedure. It is further suggested that these seats be in addition to the general seats which they may win by a majority in the normal course. Thus, women can possibly get more seats than reserved. This appears to be a convenient mode of securing adequate participation of women in Panchayati Raj elections.

Committee of Women

X.10.3 Further, an institutional arrangement through a Committee with all women members of the Mandal Panchayat represented on it would also ensure that decisions are made by women themselves on priorities and choices in welfare and development programmes specifically for women and children. In process of modernisation of agriculture, in the commercialisation of activities allied to agriculture, in accenting mobility of labour, often the special difficulties of women are lost sight of, and as a result they become losers through development. Care has to be taken to prepare programmes suited to their needs during the transition phase. Such Committees should have the powers of the Panchayat, with reference to the money for the programmes being specifically earmarked for them.

Rural Industrilisation Projects for Women

X.10.4 Growing emphasis on rural industrialisation will also necessitate women's active participation and involvement in achieving the desired diversification of occupational pattern in the rural areas. These industries with varying levels of technology, skills of production can provide gainful employment to rural women. It will be desirable that institutional finance and

budgetary support for programmes meant in these areas are designed for these groups in the plan suggestions and formulation at Mandal and District levels. Arrangements may have to be made to ensure that financial assistance in the shape of loans is sanctioned to women beneficiaries.

Mahila Mandals

X.11 The organisation of Mahila Mandals has been one of the components in the rural development programmes. Recently, the need to integrate the programme for rural women with Integrated Rural Development has been emphasized. The 'new' programme for rural women should recognise and strengthen their constructive, decision-making and managerial roles so as to enable them to have full access to development resources and services. The motivational and promotional role of Panchayati Raj will be crucial in this area.

YOUTH

X.12 Rural Youth constitute 24 per cent of the rural population. According to 1971 Census, the number of rural youth in the country in the 15—30 age-group is of the order of 109 million. The present and the future success of the democratic process through Panchayati Raj Institutions lie with them.

Relationship between Panchayati Raj Institutions and Youth Bodies needed

X.13 Youth's contribution and co-operation in programme of community development and other programmes have been consistently sought in the past two decades. Rural Yuvak Mandals meet the recreational needs of its members and induce them to work for the betterment of the village community. Statistics indicate that while the trend is visible, sufficient rural youth—say 107 million—is not yet covered by the Yuvak Mandals. A recent study has shown that there is no working relationship between the concerned village panchayats and the Mandals. It is these weaknesses that have to be attended to. The model bye-laws of Yuvak Mandals now drawn up provide that "as far as possible, the representatives of the village panchayat should be associated with the working of Yuvak Mandals for proper guidance, supervision and co-operation." Young farmers clubs can be formed to activate the interest both in Panchayati Raj Institutions role and rural development. Necessary arrangements may be made to institutionalise the relationship between the Panchayats and the Yuvak Mandals by giving them the status of an associate body through suitable legislative measures.

Nehru Yuvak Kendras

X.14 The scheme was initiated in 1972 and so far, 157 centres have been established. These centres are primarily designed to provide a forum for the non-student youth, particularly, in rural areas, with a view to provide them the opportunities to participate in the development process. Funds have been provided for organising cultural activities, games and sports, establishment of work centres and undertaking social and community service programmes. In organising such Kendras, Panchayati Raj Institutions have a motivational task.

National Service Scheme

X.15 The coverage of students in National Service Scheme has increased from less than 40,000 in 1969-70 to over 3 lakh in 1977-78. Several large scale camping programmes have been organised, covering some vital aspects of rural needs. It would be advantageous to organise these camps through the Panchayats. An element of exposure to the articulate urban youth will be useful to the Panchayat in developing its own ability to tackle different groups. Quite often very critical situations could develop but this is a test for both sides.

VOLUNTARY AGENCIES

Voluntary effort supplement to Panchayati Raj Institutions

X.16 Panchayats are an institutionalised expression and participation through elections of the people in development process. There would be many who would be outside this structure and yet would participate in or activate a development project. It is the merging of the two streams that is important. Voluntary agencies cannot be automatically replicated on a large scale as the consciousness to self-help has also to develop. Further, voluntary organisations effort is oriented towards a situation. This is its strength. It brings in high motivation, better management skills and greater sensitivity to field problems.

Activities to be clearly demarcated

X.17 The role of voluntary agencies in mobilising people's support for Panchayati Raj and developing human resources will be crucial indeed. Nevertheless, the respective areas of activity of these organisations *vis-a-vis* other developmental agencies, including Panchayati Raj bodies, should be clearly demarcated to avoid overlapping of functions and duplication of efforts. The motivational, promotional and assisting role of the Panchayati Raj should be clearly spelt to facilitate the work of voluntary agencies. Voluntary organisations should be strengthened and encouraged to supplement the efforts of Panchayati Raj Institutions. The former have no role as representatives of the people;

but work for the people from outside the system.

Types of activities of Voluntary bodies

X.18 Of the several national voluntary organisations engaged in rural welfare, a few have helped the Panchayati Raj Institutions in micro-planning exercises. They prepare comprehensive area development plans, conduct feasibility studies and cost/benefit analysis, explore ways and means to induce local participation in planning and implementation. AVARD (Association of Voluntary Agencies for Rural Development) also provides consultancy services in project formulation and assists its member agencies with technical support. Voluntary agencies, if they have requisite expertise, proven standing and well equipped organisations, can assist Panchayati Raj Institutions in the planning process. They can be particularly involved in formulation of projects and schemes. They can also help to create strong public opinion in support of measures aimed at social change.

X.19 A point is often made out that the benefits flowing from various developmental programmes in the past, have been unevenly distributed. Such distortions can be obviated if voluntary organisations are actively associated with the work of the Mandal Panchayat.

CHAPTER XI

RELATIONSHIP WITH OTHER INSTITUTIONS

Cooperative Institutions

XI.1 In discussing the functions to be assigned cooperation was excluded for the reasons mentioned there. But the inter-relationship between the Zilla Parishad and Cooperatives in the District requires further elaboration. The Panchayati Raj Institutions and cooperatives are often mentioned as the twin foundations of decentralisation and democracy. Because of this intimate ideological affinity and shared objectives, the need for close coordination between the two has always been emphasised. It was in this context that the Working Group on Panchayati Raj and Cooperatives constituted by the Government of India (1961) had stressed that there should be no total isolation of cooperative organisations from the Panchayati Raj Institutions even though there could not be any merger of the two; nor could cooperatives be made subordinate to the Panchayati Raj Institutions.

Cooperatives and PRIs two entities

XI.2 This is in view of their own vast potential as economic institutions for development. The cooperative movement has made strides in the country. Almost 96 per cent of all the villages are covered by cooperatives of one kind or the other and more than 50 per cent of the rural families have been brought within the purview of the cooperative movement. There has also been diversification of cooperative activities. In addition to service cooperatives, they are providing agricultural credit; other types of functional institutions such as Farmers' Service Societies, industrial cooperatives, dairy co-operatives, poultry cooperatives, fishery cooperatives and labour construction cooperatives have also covered many essential requirements of the Weaker Sections. These cooperatives are meeting the economic requirements while the Panchayati Raj Institutions are expected to take up the overall view of the economic and social well-being.

Coops in economic development

XI.3.1 A Working Group on Correlationship between the Cooperatives and the Panchayati Raj System set up by this Committee, has undertaken an indepth analysis of the areas of activities of the Panchayati Raj and the cooperatives. Over the

Study Group recommendations

years, the linkages envisaged between the Panchayati Raj and the cooperative systems have tended to become 'indistinct' and 'inoperative'. Therefore, necessary steps may have to be taken to ensure effective coordination and cooperation between the Panchayati Raj bodies and Cooperative Institutions. These arrangements should, however, be such as to secure a pattern of relationship which has to be of 'coordinate' rather than of a 'subordinate' character. Taking this thought into account, the Working Group recommended the functional correlations and institutional linkages necessary to achieve cohesion in planning and the implementation of developmental programmes.

XI.3.2 The following pattern of functional relation has been indicated:

(i) Functions which could more appropriately and effectively be discharged by Cooperative Institutions.

It has been suggested that certain specific economic services in rural areas can be more appropriately rendered by service cooperatives than village panchayats. Examples are such activities as running of fair price shops, establishment of graineries and maintenance of warehouses, development of cottage and small scale industries, distribution of fertilizers and other inputs. Besides these, the housing cooperatives in rural areas, if developed on proper lines, can also play a big role in undertaking housing programme which has hitherto been implemented by the centralised agencies. Cooperative rural credit institutions like Primary Agricultural Cooperatives (PAC) and the District Banks can substantially help in the mobilisation of savings also. Till the cooperatives begin functioning in these areas, the Panchayati Raj Institutions will have to take up the initiative in meeting these requirements of the people.

(ii) Functions requiring concurrent and conjoint action of Panchayati Raj and Cooperative Institutions.

Drawing up of a programme for increasing the output of agriculture produce and allied sector products is an important area for rural devlopment which would require continuous and conjoint planning and operations by the Panchayati Raj Institutions and Cooperative Institutions. Supply of credit and inputs, institutionalising marketing, provision of storage, warehousing and other such facilities are some of the components which fall within the ambit of the cooperatives as the beneficiaries can organise themselves for these purposes. The Pancha-

yati Raj Institutions, on the other hand, have to deal with dissemination of information, provision of infra-structure, extension of new techniques, organisation of farmers' training programme, supervising and arranging for the inter-linkages and, above all, coordination of the activities. A closely integrated machinery of action is needed in the sphere of land reforms, plant protection operations, crop planning in water management, contour bunding and several other specific or group-oriented programmes. The successful implementation of agricultural production plan in terms of planning and implementation would, therefore, require close and joint action by Cooperatives and Panchayati Raj Institutions.

(iii) Cooperatives functioning as agents of Panchayati Raj Institutions.

Execution of works programme including maintenance programme can more appropriately be entrusted to labour construction cooperatives by the Panchayati Raj Institutions. Allotment of cultivable waste land, setting up of modern agriculture farms, maintenance of seed multiplication farms, wherever cooperative farms exist, can be entrusted to them.

(iv) Functions in respect of which Cooperatives require facilities from the Panchayati Raj Institutions.

The dairy cooperatives could be given the facility of grazing land vested in Panchayati Raj Institutions. Likewise, lease rights of village tanks for pisciculture can be given to the fishermen's cooperatives where they exist. First preference may also be given to cooperative marketing institutions for allotment of sites and other facilities.

(v) Where Cooperatives participate in functions which are essentially the responsibility of Panchayati Raj Institutions.

Primarily, the cooperatives are to be geared to the development task on hand in the rural or urban areas. The attempt of Zilla Parishad to achieve increased incomes and to provide work to the unemployed have to be supported by the cooperative structure. Organisations of the beneficiaries in this regard have to be created, under the cooperatives fold, as this is one of the paths to channelise community action. Secondly, the members who come together for functional requirements have to be inducted into a larger arena of the democratic set up; members could be made active participants in adult literacy or social welfare schemes.

No regulatory functions to PRIs: only coordination

XI.4 The cooperative system has a number of regulatory functions beginning with registration. These are subject to a statute which the department have to follow. In this, any other elected organisation cannot find a place. But prior to the registration, the motivation and organisation is very important. Here, the Panchayati Raj system can help. This promotional role, should be an important activity of the Panchayati Raj Institutions. They have a wider knowledge of the activities, of beneficiaries and of the targets. They should, in turn, create the necessary means for an effective achievement of their own programme. Here the function of coordination comes into specific play.

Representation to Coops. in PRIs

XI.5 Reciprocal representation between the Cooperative Institutions and Panchayati Raj Institutions has been provided in some Panchayati Raj Acts. This seems to be helpful at the District level as the credit policies, resource mobilisation, production and marketing strategies are all considered here. There is the need for institutional dialogue between Cooperative Institutions and Panchayati Raj Institutions and for this purpose representation from cooperatives has been suggested in the Chapter on "Structure etc." A reciprocity for Panchayati Raj Institutions does not appear to be necessary, because a network of communications between the PRIs and the Cooperatives will have to grow up to plan and execute many development programmes where collaboration of both will be essential.

Urban-Rural Relationships

Urban-Rural Continuum

XI.6 An area which remained distinct from PRIs but which creates dichotomies is the urban conglomerate with its own potentials and problems. The pace of urbanisation in India has indeed been spectacular. The steady shift towards urbanisation is noticed between 1921 and 1971. In 1921, the urban population comprised 11.2 per cent of the total population; its share has increased to 19.9 per cent in 1971. With an awareness of the unfamiliar problems that were arising and to tackle the issues, the Rural Urban Relationship Committee was constituted by the Government of India in 1963. The terms of reference of the Committee, *inter alia*, required it to make "recommendations regarding the relationship between the urban local bodies and the Panchayati Raj Institutions". It was the first step in an attempt to grapple with the problem of urbanisa-

tion in the country and to devise suitable arrangements for urban-rural linkage. The R.U.R.C. report observed that urbanisation should be considered as a "continuous process of transition from rural to urban, treating the present differences as only a stage in the continuum". This evolution from rural to urban way of life is a continuous process with sequences ranging from a tiny hamlet to a sizeable city. The question of urban-rural relationship is to be viewed in the context of the needs of a developing economy and the attendant processes of affording higher level of services and facilities to the rural areas. This could be achieved in linking up the rural areas with urban focal points with Panchayati Raj Institutions facilitating integration of rural urban areas in a balanced reciprocity of economic and social growth.

XI.7.1 A look at the problems arising may offer us some directions. The rural urban district units of self-government often create problems in tax differential; disparities in social and community facilities available in urban and rural areas result in an uneven level of development. Lack of coordination between the urban and rural units of local self-government tends to aggravate the situation and sharpens the dichotomous character of the urban-rural setting. The impact of development thrust distinctly discernible in terms of increased means of communication and transportation, the introduction of new technology and provision of improved community facilities, the imperatives of marketing and other economic needs are often overlooked. Similarly, the rural occupations followed by some of the small town dwellers are sought to be eliminated or relegated to areas outside the municipal limits causing hardship to all. The contribution of growth|service centres in progressive absorption of the existing differences is not perceived or institutionalised. Some of the "Town Municipalities" or the "Nagar Panchayats" which have their own problems of finance, and functions, might in fact be smaller than the proposed Mandal Panchayats.

XI.7.2 The advent of Panchayati Raj could have provided an impetus for efforts aimed at a balanced and integrated development of the country which is still predominantly rural. Unfortunately, this has not happened. The growth of one has not necessarily contributed to the growth of the other. A natural relationship of supplies and service mutually beneficial has not been institutionalised. Inadequate resource base of the Panchayati Raj Institutions particularly those small sized has tended to incapacitate them for effective action. In fact, inability

of Panchayats to undertake any worthwhile developmental activities is another major reason in accentuating the disparities which divide the rural from their urban counterparts. The Panchayats could hardly stop the migration to urban areas, nor could the urban areas really offer any facilities to the migrants, thus causing other environmental problems. The communication between Panchayati Raj Institutions and urban authorities, thus, tends to be "formal, restricted in scope and often ineffective".

XI.8.1 If modernised villages and humanised cities are treated as the objective, it would be necessary to evolve better linkages through the development of service and growth centres by providing infrastructure facilities which in due course will result in a positive improvement in the quality of life. With the existing small Panchayats, in due course, giving place to larger cluster Panchayats, the relationship between the cluster Panchayats and small municipalities would become more purposive and meaningful with some amount of equality. This would also mean that the existing bifurcation of the planned development efforts be gradually minimised. The Mandal Panchayats sometimes representing a population bigger than a Town Municipality can even enter into formal relationships as between communities for supplies and services.

XI.8.2 Some of the "Town Municipalities" or "Nagar Panchayats" would have a smaller population than the Mandal Panchayats. The urge to be declared as municipalities was partly due to certain advantages in resources and status which the Village Panchayat would not have; it was partly due to the size of population and the character of occupations. But these transitions are part of the reason for suggesting Mandal Panchayats; the advantage expected in small municipalities may not be permanent, *vis-a-vis* the reorganised Panchayats. Hence a merger of the small municipalities with Mandal Panchayats is suggested by some. This would be desirable. In locating the focal points, the central villages and the growth centres, an automatic process will emerge in favour of such suitable adjustments.

XI.8.3 The second aspect relates to composite planning. The R.U.R.C. had recognised the need of preparing 'comprehensive and integrated development plans reflecting the potentialities and requirements of the rural and urban areas.' The Committee recommended that for 'administrative convenience', the District should be treated as the regional unit for planning

and development; the 'area management' envisaged by them implied that "a whole area should be treated as one unit for administrative purposes and rural and urban areas falling within it should be treated as integral parts of the area for purpose of overall planning and implementation of development projects" is relevant even today. Whether it is called "area planning" or regarded as a part of the multi-level planning, the developmental angles of both units will have to be looked together. The main deficiencies pointed out in the urban-rural dichotomy can be tackled if the two units are taken together. The District Plan can encompass the developmental aspects of urban areas and the civic aspects of rural areas.

XI.8.4 An approach to balanced development was sought to be implemented by means of cross representation whereby the rural bodies are represented on the urban councils on a reciprocal basis. Experience has shown that such mutual representation has not been found adequate to meet the requirements of the situation. But along with the concept of a District Plan as indicated above, the representation of the municipalities in Zilla Parishad and other appropriate areas will strengthen the process of urban bodies integrating their work with that of the Mandal Panchayats. Urban representation in PRIs

XI.8.5 Apart from the inter-institutional representation, attempt may also be made, as far as possible, to enable the smaller towns and municipalities to be treated at par with Mandal Panchayats for providing numerous benefits flowing through various Special Agencies such as S.F.D.A., M.F.A.L. etc. to the people living in these towns. The process of integration for these urban centres in a comprehensive District Plan with due emphasis on mutual inter-dependence will be considerably facilitated. Rural Schemes for Urban Areas

RELATIONSHIP WITH CORPORATIONS

XI.9 Apart from Central sector Corporations and Boards which touch the rural areas, a number of other State Corporations for handicrafts, handlooms, Scheduled Tribes and other economic functions are now active. These activities are generally commercial in nature, with both promotional and marketing components. The functioning still leaves a wide area for the Panchayati Raj Institutions. The specifics of the work of the Corporations in any area should be known to the Panchayati Corporations/ Boards' field work by PRIs

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Rural Schemes for Urban Areas

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Relationship with Corporations

Corporations/ Boards' field work by PRIs

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Raj Institutions in achieving the targets, so that they can considerably help; they have also a better knowledge about the specialities and endowments in their respective areas. The Corporations by themselves will not be able to have a large field staff for either arranging production or collecting the products. The Mandal Panchayat could be a very suitable agent for this purpose. The role of the PRIs in the Corporations, established particularly for commercial activities, will, therefore, consist largely in creating the local organisation, in locating the specialities and often acting as agents of the Corporations.

Relationship with Commercial Bank

Credit needs and rural branches of banks

XI.10 As has been mentioned earlier, assessing the overall credit requirements and arranging for these will be one of the activities of the Zilla Parishad in looking after the implementation of the plan that they develop. While the cooperatives are supplying considerable credit, the role of the commercial banks is also increasing. By June, 1977, the number of branches has gone up to 9536 and the bank credit to Rs. 3508 crores; of this, the commercial banks had advanced loans up to Rs. 1335 crores for the agricultural sector by the end of December, 1976. Added to this, the Regional Rural Banks, established since November, 1975, have introduced a new dimension to the existing channel of supply of credit to the rural areas. These banks are intended to cover the credit gaps and are also located in areas with preponderance of Weaker Sections of rural population. The Zilla Parishad will have to take into account the total credit requirements and arrange for its inflow by localising the needs and locating the avenues. The lower tiers will follow this up.

Role of PRIs in encouraging rural banks

XI.11 It has been assessed that the Regional Rural Banks are fulfilling a very useful role and hence their number is likely to be increased. With the growth of a focal point and the location of the rural bank therein, the activities of credit supply and procurement of other inputs will get better synchronised. The Mandal Panchayat, for instance, can also assist in the establishment of the Regional Rural Banks by providing them the necessary infrastructure. As part of their investment into remunerative assets, they will be able to construct buildings to be rented out to the rural bank. They would also be able to assist the bank in verification procedures or assisting the analysis of the viability of any particular loan. This position of the activities of the rural bank and the Mandal Panchayat is one that is likely

to grow further with increased commercialisation of agricultural and industrial efforts.

1. Shri Asoka Mehta	(Sd.) Asoka Mehta Chairman
2. Shri Karpoori Thakur	(Sd.) (in Hindi) Karpoori Thakur
3. Shri Parkash Singh Badal	(Sd.) Parkash Singh
4. Shri M. G. Ramachandran	(Sd.) (in Tamil) M. G. Ramachandran (Subject to my note attached)
5. Shri B. Sivaraman	(Sd.) B. Sivaraman
6. Shri Mangal Deo	(Sd.) Mangal Deo (in Hindi)
7. Kunwar Mahmood Ali Khan	(Sd.) Kr. Mahmood Ali Khan
8. Shri Annasaheb P. Shinde	(Sd.) Annasaheb P. Shinde
9. Shri E. M. S. Namboodiripad	(Sd.) E. M. S. Namboodiripad (Subject to separate note)
10. Shri S. K. Dey	(Sd.) S. K. Dey (Subject to a brief note)
11. Shri Siddharaj Dhadda	(Sd.) Siddharaj Dhadda (Subject to a separate note)
12. Prof. Iqbal Narain	(Sd.) Iqbal Narain
13. Shri Vallabhbhai Patel	(Sd.) Vallabhbhai Patel
14. Shri S. K. Rau Member-Secretary	(Sd.) S. K. Rau

NOTE FROM THIRU M. G. RAMACHANDRAN TO BE ADDED TO THE PANCHAYAT RAJ COMMITTEE REPORT

While I am in broad agreement with a major number of recommendations in the report, I have to record my differences of opinion on the concept of the Zilla Parishad and Mandal Panchayat envisaged in the report. Basically, I am guided in this regard by the views not only from the people of Tamil Nadu but also my own experience and analysis of the situations in various parts of the country. I am convinced that the Zilla Parishad with its head as a non-official Chairman elected by INDIRECT election and ultimately functioning with the objective of having to bring the Collector also under the control of the Zilla Parishad will result in dangerous complication of a diarchy; and it will become difficult for the Collector to function under the circumstances under the two masters viz., one his Governmental authority and the other the elected Zilla Parishad Chairman and this will certainly lead to, I am convinced, to a situation fraught with serious consequences. So I am not subscribing to this concept.

Besides, experience in Tamil Nadu for the past 20 years is the smooth effective functioning at the level of Panchayat Unions and at the grass root level of Panchayats with the District Development Council at the district level recording all achievements of developmental activities more than what has been achieved in the other States and in the other parts of the country. Even this year through this system a large expenditure of Rs. 143 crores is planned. My suggestion will be that this may be emulated and tried by other States also.

The concept of the Mandal Panchayat would reduce effective and widely prevailing DIRECTLY ELECTED people's participation in the various forums when there are Panchayats constituted and are functioning at the grass root levels for populations in the habitations of 500 or more. However, as it is mentioned, that for the present Panchayat Unions have to continue and it is also recommended that the concept of a Federation of Panchayats at the central village which will ultimately be a local point should be encouraged, I would like to record that that may be administratively possible to be tried without having to upset the system of Panchayats at the first tier at the grass

root level and the Panchayat Unions at the second tier. So I suggest this may be tried for a period of 10 to 15 years and then the concerned State Government may make a review of the system thereafter.

I am also not in agreement with the recommendation regarding the Gram Sabha as it would not be possible to implement the idea. I would commend the constituting of vigilence committees at the Panchayat levels to keep watch over the various functions of the Panchayat Raj bodies and this Committee could be selected out of members belonging to all political parties and the number can be limited with specific terms of references for their function.

I would also commend the idea that there may be planning cell at the level of the Panchayat Union; it can be presided over by a representative from the State Planning Commission or a State Government Officer who could guide and finalise the block planning subject to the Government's objectives. This plan can be got reviewed by the District Development Council at the district level under the Collector and can be passed on to the Government for approval.

I welcome the suggestion and concept of Nyaya Panchayats and suggest the formation of a judicial body at Panchayat Union level for the disposal of justice for the poor people. The elected members on this body may be made to serve in an area different from where they have been elected and they may not have to seek re-election for another term.

Subject to above points I am in general agreement with the report.

NOTE ON THE REPORT OF THE COMMITTEE ON PANCHAYATI RAJ INSTITUTION—E. M. S. Namboodiripad

1. I had hoped that, inspite of our differences on the basic approach to the problems dealt with by the Committee, I would be able to agree with my colleagues on the concrete proposals being made with regard to democratic decentralization. On a study of the report, however, I find that the differences in the basic approach have expressed themselves in some concrete proposals. I am, therefore, obliged, while signing the report, to add this note.

2. Let me at the very outset make it clear that I agree with the main conclusions arrived at, and recommendations made, by my colleagues, namely,

(a) "Panchayati Raj should not be singled out for criticisms, failures and pitfalls which are not particular to it alone." (I.10.1)

(b) "Both from the political and socio-developmental angles, it is imperative to decentralise power, planning process and developmental activities below the state level." (III.1)

(c) "Our recommendations about the transfer of substantial quantum of powers from the State Governments to the local bodies has implications for the existing scheme of distribution of powers between the Union and the States which would require a detailed but separate consideration." (III.5)

(d) "The first point of decentralisation below the State level should be the district". (IV.2)

(e) "The present trend as also the past experience points to the size of Panchayats being larger". (IV.4.4)

(f) "Next to the district, Panchayat will have to be the hub of developmental activities". (IV.4.8)

(g) "A Committee system at the district and other levels as required should be introduced.... The salient ones to be suggested now would be on Agriculture, on Education, on Small Industries, on Finance and Public Works. A Committee of the chairmen of these committees will be the standing committee with Chief Executive Officer as Secretary. The composition would be on proportional representation". (IV.10)

(h) "Political parties should be allowed to participate effectively at all levels. We have reached a stage of political evolution when it would be unrealistic to expect that political parties would keep themselves away from these elections". (IV.14.1)

(i) "There was not much enthusiastic response (to Nyaya Panchayats), though many advocated their relevance and revival to settle petty disputes. The dilemma facing the rural people seems to be that, while they want justice at their doorsteps, their experience does not encourage them to place faith in Nyaya Panchayats as constituted today." (IV.18.2)

(j) Recommendations regarding the decentralization at the district level as spelt out at paras V.5.1, 2, 3.

(k) "All the staff engaged in development that is now available at the district and lower levels for these programmes will have to be placed under the elected representative bodies. This would mean that all the staff relating to decentralized items at the district level, and those subordinate to them in the respective departments should be working for the Zilla Parishads". (VIII.2.1 & 2.2).

(l) Class III and Class IV staff sould be fully handed over to Zilla Parishads. (VIII.3.3)

(m) "When it is postulated that all the developmental staff will be under the Zilla Parishads, it is also assumed that they will be under the administrative control of one Chief Executive Officer like the Chief Secretary at the district level who will be under an elected body". (VIII.4)

(n) Recommendations regarding the system of line hierarchy at para VIII.11.

(o) "Similar to the lack of will that is attributed to the political executive, an administrative will to work an alternate system should also be developed. Till now, control has never included a horizontal co-ordinating point. As far as State Head of the Department is concerned, an alternation has to be fostered". (VIII.12)

(p) "The decentralization of powers by the State and the entrustment of these powers to the Panchayati Raj

Institutions should take into account the aspect of financial capabilities". (IX.1.1)

(q) "One of the important recommendations of the Committee is the transfer of functions relating to implementation of projects at the district level to the Zilla Parishad. This automatically involves transfer of the finances along with projects". (IX.9.4)

(r) Paras IX.10.1 to 9 regarding grants from the State and IX.11.1 to 6 regarding remunerative enterprises.

(s) "Any proposals for financial devolution or financial decentralization should not emanate from a traditional approach but from our basic commitment to the logical imperatives of the dynamics of development which clearly postulate the entrustment of a great deal of developmental funtcions at the district level, with the Mandal Panchayats playing a key implementational role". (IX.12.1)

3. The above recommendations, if accepted and implemented by the Central and State Governments, would go a long way to transform democratic decentralisation from a dream to a reality. I, therefore, hope that there will be no further delay in implementing these recommendations.

4. I, however, have basic differences in the approach to the problem of decentralization as is explained in the report as a whole, particularly in Chapters I, II, VI and VII. These differences on approach get reflected in several concrete proposals, spelt out in the other Chapters. I would, therefore, explain what the basic differences in approach are.

5. I have already noted my agreement with the report where it states that Panchayat Raj should not be singled out for criticism. But, in noting other elements which too should be subjected to criticism, the report has omitted what according to me, is the crucial factor—lack of political will on the part of the former and the present ruling parties at the Centre with regard to decentralization of powers.

It is for instance, well-known that the 30 years of Congress rule resulted in increasing encroachments into the powers of the States as laid down in the Constitution. Many including the State Chief Ministers belonging to the then ruling party were in fact, resentful but did not open their mouths at the Chief Ministers' gatherings (I have myself had personal experience of

several of them supporting me in private whenever, as the Chief Minister of Kerala, I was raising these questions at the meetings of the National Development Council and Chief Ministers' conferences; they told me that they are not free to express themselves. I was, they said, in fact, defending their interests as well).

There was, therefore, the natural expectation after the present Government assumed office that the question of Centre-State relations would be given a second look. Many Chief Ministers including some who belong to the present ruling party, were sympathetic to the idea. But, like his predecessors, the present Prime Minister too, is preventing any change in the constitutional set-up. He is doggedly refusing even to have a national debate on this question.

6. That this is atcually hampering the process of decentralization from the State to the lower levels is in a way acknowledged by my colleagues who have clearly stated in Chapter III, para 5, that "the existing scheme of distribution of powers between the Union and the State would require a detailed but separate consideration".

This, however, does not, according to me, bring out to the full the crucial importance of recasting the constitutional framework regarding Centre-State relations. I am of the view that, unless the whole question is fully reconsidered, leading to radical amendments in the Constitution, all that is proposed in this report would remain as much on paper as the Balvantray Mehta and other recommendations have so far remained.

7. It is true that the Constitution while defining the Directive Principles of State Policy, mentioned the formation and functioning of Panchayats. The importance of this for the effective implementation of the five-year plans has also been emphasised in innumerable documents of the Central Government and of the Planning Commission. It was in pursuance of this that the Balvantray Mehta Study Team was appointed. The report of the present Committee is based on these recommendations and the attempts to put those recommendations into practice. That is why the resolution appointing this Committee and the draft under discussion now are based on the idea of Panchayati Raj the vehicle of rural development. The idea implies that, while there is maximum possible decentralisation of the developmental function of administration, the regulatory functions will not be decentralized.

8. I am opposed to this whole approach. The Constitution itself according to me, failed to envisage an integrated administration in which, apart from the Centre and the States, there will be elected bodies which will control the permanent services at the district and lower levels. Democracy at the Central and State levels, but bureaucracy at all lower levels—this is the essence of Indian polity as spelt out in the Constitution. Added to this is the fact, in the actual work of the Constitution, the Centre made increasing encroachments into the rights and powers of the States. This trend reached its high watermark in the 42nd Amendment of the Constitution.

It was with such a centralized administration as its core that Panchayats were envisaged in the Constitution and the Balvantray Mehta Report. It is, therefore, not surprising that neither the bureaucrat nor the politician at the States level is prepared to decentralize whatever power has been conferred on the State under the Constitution. The point is to make a radical change in the very concept of democracy and adopt what is called four-pillar democracy. It is regrettable, that, while acknowledging the force of this reality, the report in the Chapter on "Review and Evaluation" does not nail down the chief hindrance to decentralization at the district and Panchayat levels.

9. I am in disagreement also with the approach to the "Dynamics of Development" as projected in Chapter II. This, in its turn, has implications for Chapter VI on "Planning" and Chapter VII on "Weaker Sections". Before discussing the recommendations made in these two Chapters, let me briefly state my criticism of the "Dynamics of Development" as projected in Chapter II.

I am of the view that the achievements in the field of planning have been so listed in the Report that the wood is missing for the trees. By the term "wood", I mean the fact that the entire process of planned development which began in 1952 (the inauguration of the first five-year plan) has been one of capitalist development without either breaking with foreign capital or ending land monopoly; usury, caste oppression, etc. All the "technological revolutions" that have been mentioned in the report are, according to me, the trees each of which is sought to be described in detail.

I have no quarrel with the description of these technological changes that have been taking place during the entire post-Independence period, particularly during the 26 years of plan-

ning. My criticism is that these technological "revolutions" have been so enthusiastically praised that their social implication, *i.e.* the increasing division of society into an exploiting minority and an exploited majority, is missed.

In all the countries where capitalism supplanted feudalism (beginning with the United Kingdom), development of capitalism meant as big revolutions in the technological sphere as or even bigger than are now taking place in India. The "technological revolutions", however, inevitably led to the enrichment of a handful of the owners of the means and instruments of production at the expense of the vast majority who are deprived of their small property. Nowhere has a bourgeois "technological revolution" taken place without creating a wide gulf between an ever-prospering minority of the exploiters and a growingly impoverished majority of the exploited.

India, however, stands on a footing entirely different from the countries which witnessed this process of bourgeois revolutions (mainly in Western Europe, North America, and Japan). Unlike in these latter and like many other Asian and African countries, India has had its capitalist development without making a complete break either with foreign economic domination or with those pre-capitalist institutions like feudal land monopoly, usury, caste oppression, socio-cultural backwardness, etc. which provide the biggest obstacle to the very technological revolutions that are necessary if the country is to be modernised. This makes the sufferings undergone by our exploited majority still more unbearable; the mass of the working people have to bear the double burden of feudal (including caste) oppression, backwardness, exploitation, etc. and of capitalist exploitation.

10. It is this double burden of pre-capitalist and capitalist modes of exploitation that gives the problem of what are called "the weaker sections" its specific character. For, what are called the weaker sections include two distinct categories of the working people.

The first category consists of those who, even after several decades of capitalist development (under the British and in the post-Independence years) are still subjected to many forms of landlord, usurer, caste and other exploitations of a pre-capitalist society. These are the scheduled castes, scheduled tribes, and other backward castes.

The second category consists of people who, a few generations ago, *i.e.* under the then existing socio-economic and politi-

cal system, were free from caste oppression and exploitation—the "upper castes"—a section of whom have, under the inexorable logic of capitalist development, been thrown into the army of the landless, the unemployed and otherwise oppressed and exploited sections of capitalist society.

Included in the latter category are the women who were subjected to antequated forms of oppression, exploitation and backwardness in the conditions of pre-capitalist society and who, under the system of capitalist exploitation, are subjected to new forms of oppression and exploitation. The overwhelming majority of women are subjected to the oppression and exploitation of both kinds which makes 50 per cent of the total population a really "weaker section".

What is called "the problem of the weaker sections" is thus the problem of two kinds of oppression and exploitation—feudal and capitalist—to which the overwhelming majority of our population are subjected. All the proposals, schemes, etc. intended to "help the weaker sections of society" will remain at best mere-palliatives unless and until the people as a whole are emancipated from the feudal as well as the capitalist modes of oppression and exploitation. The "weaker sections" have to uplift themselves, through their own fighting organisations, political parties, etc. rather than depending on the benevolence of others. In the absence of this self-conscious organisation and struggles of the toiling masses, the "schemes" meant for helping the weaker sections will become so many new devices to fool them. It is from this view point of the organised struggle to end the system of exploitation (pre-capitalist as well as capitalist) that I am looking at the entire problem of defending and extending democracy.

By democracy here, I mean the system of parliamentary democracy with adult suffrage; periodical elections; the executives' responsibility to the elected legislature; the role of law; full protection of the citizens' rights and freedoms which are known in our Constitution as the fundamental rights of citizenship, etc. These constitute a set of valuable rights which our working people won after decades of struggle and which can be used by the exploited majority in its struggle against the exploiting minority.

Our experience of working this system proves that since the parliamentary democratic system as prevails today provides the exploited majority a powerful weapon with which to fight the

exploiting minority, the latter does its utmost to reduce democracy to a mere formality to subvert it whenever and wherever the exploited majority uses it to get anywhere near the seats of power. Defence of parliamentary democracy at the Central and State levels (where it exists but is very often threatened by the authoritarian forces) and its extension to the district and lower levels as envisaged in the four-pillar democracy is, therefore, of extreme importance in the advance of Indian society.

My faith in democratic decentralisation is in other words, arises from the fact that it helps the working people in their day-to-day struggles against their oppressors and exploiters. I cannot, therefore, think of the Panchayati Raj Institutions as anything other than the integral parts of the country's administration with no difference between what are called the "developmental" and "regulatory" functions. What is required is that, while certain definite fields of administration like defence, foreign affairs, currency, communications, etc. should rest with the Centre, all the rest should be transferred to the States and from there to the district and lower levels of elected administrative bodies.

11. Considering the proposals made in the report from this angle, I now propose to examine some of these proposals on which I have reservations, objections and alternate suggestions.

Firstly, I am opposed to the suggestion of including the nominee of district level cooperative federation and other categories of members of Zilla Parishad and other Panchayati Raj Institution bodies. I am for purely elected bodies at all levels of Panchayati Raj. Having coopted members as suggested in the report is a hang over of the idea that Panchayati Raj Institutions are concerned with development alone and not the elected organs of administration at the appropriate level.

Secondly, with regard to the elections to all Panchayati Raj Institutions, I suggest that proportional representation with the list system should be adopted. Since the Mandal Panchayats are according to the report, to consist of 15 members directly elected, the whole Panchayat area can be considered a single 15-member constituency. This will give enough opportunity for any organised group (political party, religious minority, scheduled castes, scheduled tribes, women, etc.) which has the support of not less than 1/15th of the electorate (about 7 per cent) to return one member. At the other levels of Panchayati Raj like the Panchayat Samiti (wherever it conti-

Scheduled Tribes against their brethren belonging to the so-called "upper castes". As was noted above, the inexorable law of developing capitalism is throwing larger and larger sections of those who have been born in the so-called "upper castes" families into the ranks of the landless, the unemployed, and otherwise oppressed and exploited.

The basic problems of the poor belonging to both categories being the ending of caste as well as class oppression, what is required is that the poor regardless of caste, should join togther in the struggle against their common oppressors. The manner in which the masses belonging to Scheduled Castes, Scheduled Tribes and backward communities are made to believe that reservation is the panacea for all their problems sets them against their brethren belonging to the so-called "upper castes" and weakens the struggle against the common oppressors.

Striking a personal note, I may mention that I have for the last 45 years been an ardent advocate of reservation of jobs not only for the Scheduled Castes and Scheduled Tribes, but also for other backward communities. This, in fact, has been the stand adopted by all the major political parties in Kerala. Gradually, however, a situation developed in which the poor belonging to the so-called "upper castes" began to feel that they are being denied those opportunities which are given even to the rich belonging to the backward castes.

A demand, therefore, arose that the criterion of reservation should be not caste but economic status. After a good deal of public debate, all the major political parties in Kerala have now come to the position that, while for the Scheduled Castes and Scheduled Tribes reservation purely on caste basis should continue for some time more, a combination of caste and economic status should be used in providing reservation for the other backward communities.

I would not claim that what has been proposed in Kerala is the last word even for that State. There is, therefore, no question of applying what has been suggested in Kerala to the other States. I am, however, convinced that the question of reservation for government jobs as well as jobs in private institutions is becoming an extremely explosive subject, setting one section of the poor against the other. This is doing great damage to the common cause of the poor belonging to all communities. Fresh thinking is, therefore, necessary on the question, so that ways and means can be found for ensuring the Scheduled Castes,

Scheduled Tribes and other backward communities that they would get a legitimate share in employment opportunities, while the unity between them and the poor belonging to the "upper" castes is preserved.

Several recent incidents like Villupuram in Tamil Nadu, Marathawada, Kanjawala in Delhi, etc. show that the problem of unity among the poor belonging to all castes and communities is of over-riding importance today. It is easy for a demagogue to whip up passions either by "taking up cudgels on behalf of the "Harijans" or by appearing to "fight for the owning but working peasants". Dividing the two sections on this basis and making them fight against one another would help only the rich and well-to-do, who want at all costs to prevent the poor uniting themselves in their common struggle.

The fact, after all, is that none of the developmental plans, the plans of helping the Harijans to uplift themselves, the plans of modernising the rural areas, etc. has helped the agricultural labourers, working peasants, artisans, low-paid middle class employees, etc. at whose expense are growing a narrow stratum of the rural and urban rich. Reservation of posts would not help more than a handful out of an ocean of the landless and unemployed to get jobs. While this is good so far as it goes, it has harmful consequences for the poor masses as a whole in that it divides them into mutually conflicting groups. What is required, therefore, is to evolve some formula or other (depending on the specific condition in a particular State) through which the two considerations of caste and economic condition would be combined, so that the poor belonging to both categories can come together on a common platform of struggle, rather than getting divided into two hostile camps.

This question of reservation with regard to posts in governmental or other services has, of course, no direct relevance to the subject matter which we are discussing in this report. It, however, has its relevance in considering the reservation of 20 per cent of the Chairman's posts to Scheduled Castes and Scheduled Tribes.

Let me at the outset make it clear that I am as much concerned as my colleagues at the total inadequacy of the representation of Scheduled Castes and Scheduled Tribes in the Panchayati Raj Institutions, particularly in the key posts of Chairman. I am, therefore, fully with my colleagues in desiring to do whatever is possible to overcome this lag. The question is of the method to achieve this desirable objective.

With regard to the manner of filling the posts of members of Panchayati Raj Institutions, I have already indicated that proportional representation with the list system is better method of ensuring this. This system, which is eminently practicable in our conditions, will perhaps ensure greater representation for the Scheduled Castes and Scheduled Tribes than reservation of particular constituencies since every political party which contests the elections is likely to include at least one candidate belonging to this category in its list. If, as I have suggested earlier, the constituencies will each have 10 to 15 members to be elected, it is very likely that the number of Scheduled Castes or Scheduled Tribes candidate selected will be more than under the system of reserving certain seats for them.

I am, however, more concerned at the recommendation made by my colleagues that certain definite Panchayati Raj Institutions (Mandal Panchayats, Zilla Parishads, etc.) should be declared as those which should compulsorily have Chairman drawn from the Scheduled Castes and Scheduled Tribes. This goes against what my colleagues state at Para IV. 11.4 in the report, where attention is drawn to "the occasional frictions between the panches and the Chairman which might arise if the Mandal Panchayat Chairman represents a direct electorate are sought to be avoided". I would humbly suggest that the same friction would develop between a Chairman who occupies that post on the sole ground of belonging to a particular caste, if the majority of his colleagues who have to work with him are temperamentally against him. Such frictions in the working of the Panchayati Raj Institutions are bound to have their repercussions in the public life of the Panchayat or District concerned.

It should, in this connection, be noted that the Scheduled Castes and Scheduled Tribes being by the very definition of the term part of the "weaker sections of society" and acknowledgedly a minority in any Panchayat or rural area, they cannot defend themselves in any situation of frictions and confrontations on a caste basis unless they have the support of the majority of the poor belonging to the other castes. It is, therefore, in the very interests of the Scheduled Castes and Scheduled Tribes that whatever proposals are being made to assure them a reasonable share in the Panchayati Raj administration would unite them with the poor belonging to the other castes.

I would, therefore, suggest that, instead of having a statutory provision that the Chairman of such and such Panchayat or

Zilla Parishad shall always be drawn from the Scheduled Castes and/or Scheduled Tribes, a convention should be established among all the political parties contesting the elections that a minimum percentage of every party's candidates for the Chairman's posts shall be drawn from the Scheduled Castes and Scheduled Tribes. If this is adopted—and I see no reason why it should not be adopted—every political party which wins elections in Panchayati Raj Institutions will set up that percentage of candidates for the Chairman's posts. This, in fact, may be more than what the Scheduled Castes and Scheduled Tribes get under the proposal made in the report.

Seventhly, the problems of administration and financial resources dealt with in Chapters VIII and IX should, in my view, be dealt with from a different angle. I have indicated above that the four-pillar democracy envisaged by me, should mean an integration of the Central, State, District and Panchayat as the essential parts of an organic whole—the administration of the country.

The manner in which the Central and All-India Services, State Services and the Services of Local Bodies have been separated, with different terms and conditions of service are creating heart burnings among the employees. The Central and All-India Service employees look upon the State employees as poor relations, while the latter look upon the local employees in the same manner. It is necessary that this is put an end to and uniformity of scales and terms of service are established for all the layers of government officials. This alone will make the administration an integral whole.

In the matter of financial reasources, too, there is great urgency to have a fresh look from the point of view of the financial resources of the whole country. After all, the resources which are at the disposal of the State and Central Governments are those which can be attributed by the people at lower levels. It is, therefore, unreasonable to expect that after the Centre and State tap all the financial resources which have been allotted to them and which are in fact collected from the very district and local areas where Panchayati Raj Institutions are working, these latter should find their own resources independently of the Centre and the States.

There is nothing derogatory for the Panchayati Raj Institutions to demand and secure grants and other forms of financial assistance from the State and the Centre. Here again, what is

required is that the Central and State Governments, together with the Panchayati Raj Institutions, should have an overall review of the financial resources of the entire administration and agree on the proper collection and distribution of all the resources that can be tapped.

I am not raising this as a matter of theoretical generalisation. I am obliged to raise it because the report does talk of "the need for some taxes being binding upon the Panchayati Raj Institutions" (IX. 5.4). Amongst such taxes to be compulsorily levied and collected by the Panchayati Raj Institutions are land cess, surcharge on stamp duty, taxes on commercial crops, etc. It is obvious that all these are in effect additions to the burden of taxation that the rural people have to bear, since these suggested taxes are over and above what the State and/or Centre have already levied. Making these "compulsory" for the Panchayati Raj Institutions is a proposition with which I cannot agree. That is why I suggest that fresh thought should be given on the incidence of taxation on particular sections of the people, on particular forms of property or on particular commodities which are levied by the Centre and the States and now proposed to be levied by the Panchayati Raj Institutions. Such additions to the burden at a time when rural poor are rightly demanding relief from the burdens of existing taxation will rouse resentment and resistance.

Finally, it is unfortunate that the report does not take into consideration the fact that there are voluntary organisations which have a sizeable membership and are active in the rural areas, such as the Kisan Sabha, Agricultural Labour Organisations, Students and Youth and Women's Organisations, etc. which are not and would refuse to be non-political. Many of them are very active and enjoy the confidence of the people. Wherever such organisations exist, they should be given an important role in the schemes of human resources development. I am afraid that this aspect is ignored by my colleagues because of their prejudice against political parties or organisations oriented towards them.

Let me, in the end, reiterate that, inspite of these reservations, criticisms and suggestions, I am of the view that the report, if accepted and implemented, would go far in decentralizing and democratising the administration.

A SUPPLEMENTARY NOTE FROM SHRI S. K. DEY, MEMBER, COMMITTEE ON PANCHAYATI RAJ INSTITUTIONS

Providence had assigned me a unique position since August 15, 1947. I had been forced to act as the architect as well as the sentinel for the implementation of the Panchayati Raj system across India ever since the idea had been conceived in the wake of Community Development. The rise of this basic foundation to the democracy to which we stand committed as a people, the short plateau of its peak operation followed by its steady decline over a decade ever since 1966, had been a period of thrill and joy and then of agonies over the heartless atrophy of work and the hope of millions.

During this sad interval, I have also had the experience across the world of developing nations—Latin America, Africa, Middle East and Asia as Special Adviser (Rural Development) to Administrator, United Nations Development Programme, and last as Special Consultant to United Nations Relief Operation, Bangladesh, at what perhaps was its hey day. My observations and conclusions of trends whether in Latin America, Africa, Middle East or Asia, seem to have been fairly well borne out by what has followed throughout. This places me under a special obligation to share the same bluntness of views and understanding with my country's men and women and, what is more, the Government of India who have been kind enough to let me share this current labour of love with other friends. My experiences having been fairly unique to myself, could not in fairness, be thrust in their trends or conclusions on other friends in the Committee. This constitutes the sole *raison d'etre* for this supplementary note even though I share the conclusions and recommendations in the Report free of all reservations.

My experiences, across India and the world at large, confirm that development by definition is an integrated process, and rural development is but part of a rural urban continuum. Development cannot be achieved except through a categorical coordination between all nation building agencies on the one hand and the people in their multifarious organisations and institutions on the other. Coordination of official agencies as a secure measure is a myth except when it is achieved through control by de-

mocratically elected representatives of the people. The logic has to be followed through, with scrupulous care. Political parties in a democracy as a corollary, have to be given even opportunities to play their constructive role at levels where they are acceptable to the people. If these be not done, programmes of development will tend to concentrate on a few who together with their counterpart in the administration as well as in the political system, will ride roughshod on the hunchback of the people. This alone, more than all other factors combined, will account for the politics of the street we see round the world. This alone will explain the growing authoritarian rule in developing nations including what we witnessed even in India only lately.

The one India we knew, already stands trifurcated. The feudal trend in us, high or low, is still deeper in the system than the trend of democracy which is the call of the age. Panchayati Raj, implemented with skill, honesty and will alone holds the key to the foundation of a real democracy. This way alone lies the promise of the State to "wither away" in substance some day, through further devolution of authority, resources and responsibilities in voluntary institutions and organisations of people. If this is not done and timely enough, not even Providence can save this last seeming survival of democracy among developing nations in India and the further inevitable split in this country in the peculiar juxtaposition of the forces at interplay in the world in which we live today.

A last word on the subject—the role the Government of India can play in the consummation of what the Government ultimately decides on the subject. The obligation cannot be discharged by any individual Ministry created for this purpose or through an existing Ministry. The past lessons including those of the separate Ministry of Community Development despite the resistance put by the then Administrator of the Programme with the Prime Minister of the day against its creation, are meaningful enough in their implications. Panchayati Raj, basically different from all other facets of Government, is a process that involves the Government as a whole.

Sd/- S. K. DEY
17-8-78.

NOTE OF DISSENT

It is with great disappointment that I am making the following observations about the Report of the Committee on Panchayati Raj Institutions which I have signed subject to this Note.

I find a serious lacuna in the scheme of Panchayati Raj as envisaged in the Report. In fact, it is more than that. The very foundation of the structure of Panchayati Raj is missing. I know that this Committee is not responsible for the original sin, but with its announcement in December last following one of the most striking manifestations of not only the people's faith in democracy but also of their capacity to work it and defend it, a widely shared hope had arisen in the country that perhaps the deliberations of this Committee would lead to a new beginning, that at long last self-government would become a reality at every level.

The purpose of decentralization was not merely to help development, howsoever it is defined, but the creation of an integrated structure of self-governing institutions from the village and small town onwards to the national level in order to enable the people to manage their own affairs. Panchayati Raj was to be the foundation of Swaraj. Till we are able to create such a structure we shall not succeed in harnessing the large dormant capacities and initiatives of the people even for developmental purposes, and till then development itself will remain a chimera.

While I have no quarrel with the scheme of Zilla Parishads and Mandal Panchayats envisaged in the Report, these have been left hanging in the air. I had pleaded more than once in the Committee for recognition of the village, functioning through its Gram Sabha, *i.e.* the village assembly consisting of all voters in the village, as the primary unit of Panchayati Raj and as the foundation on which the upper tiers should rest and from which they would derive strength and vitality. But, unfortunately, apart from a casual and patronizing reference to the Gram Sabha as "deserving genuine encouragement", its place as an organic and vital part of Panchayati Raj does not find place in the recommendations.

There is no doubt in my mind that to talk of democratic decentralization or of the participation and involvement of the

people in the democartic process has no meaning when the opportunity for them to do so at the only level where they can effectively function is denied to them. Gandhiji's concept of society as an "oceanic" structure comprising of concentric circles of live and vibrant communities, of which the village or the primary face-to-face community was to be the hub and the centre, is vital to democracy. I am strongly of the opinion that the village must be the base, and the Gram Sabha an integral part, of Panchayati Raj. Without this base not only Panchayati Raj or democratic decentralisation would have no meaning but democracy itself would remain fragile.

I am sorry that our Committee has missed a great opportunity of putting democracy on a sure foundation.

Sd/- SIDDHARAJ DHADDA
17-8-78.

APPROACH AND RECOMMENDATIONS

1. We are departing from the conventional mode of presenting our views, suggestions and recommendations in the form of an itemized summary because our main endeavour throughout has been to lay down a new approach towards the Panchayati Raj Institutions—not in the usual point-by-point way but rather in concentrical circles, as they interact and depend on one another. The formulation of structures, functions and the utilisation of financial, administrative and human resources of Panchayati Raj Institutions should, in our opinion, be determined on the emerging functional necessity of management of rural development. In our Report, we have attached importance to the direction rather than specifics on certain items usually done and hitherto highlighted in various cognate Reports. The institutional, structural and functional specifics of Panchayati Raj would, in our opinion, vary over time as well as space; we can do no more than indicate the spectrum of possibilities while the various State Governments would have to work out the actual details keeping in view their changing requirements. Whatever be the variations, they have to be round the crucial theme of linking institutions of democratic decentralisation with socially motivated economic development.

2. In this approach, it is not necessary to dwell too long on the past, except to locate the trend and draw guidance for the future. The dis-association of the growing and complex programme of development with Panchayati Raj Institutions which were considered inadequate, the inability of the bureaucracy to be attuned to execute the programme through elected bodies, the lack of political will to foster these institutions, several internal deficiencies in the functioning of Panchayati Raj Institutions and, above all, the lack of clarity about the concept itself have weakened the entire system.

3. Part of the disappointment arises from the syndrome that they have not been assigned significant functions and tried continuously and with zest. The developmental programmes were not channelled through them. Some of the comments like the emergence of oligarchic tendencies are inherent in the social milieu, and some others are common to other tiers of the polity also. Panchayati Raj Institutions should not be singled out for

these comments. It has many achievements to its credit in introducing a process of democratic seed-drilling in the Indian soil, in breaking the gulf between the bureaucratic elite and the people and in generating a new leadership not merely relatively young in age but pro-social change in outlook.

4. Panchayati Raj, like democracy at the national and State levels, is both an end and a means. As an end, it is an inevitable extension of democracy; as a means, it would continue to be responsible for discharging obligations entrusted to it by the national and State Governments in spheres not yet transferred to its exclusive jurisdiction. Altogether, both as an end and a means, Panchayati Raj should contribute to the philosophy as well as practice of a rich, rewarding life in rural India.

5. The establishment of democratic bodies below the State level is an imperative from the political and socio-developmental perspectives. Democratic institutions with periodic elections at all levels will provide a forum for the assertion of their strength in large number by the weaker sections. With the people and political parties having adequte opportunities to exercise power at various levels, national energy in political recrimination will yield to constructive competition and mutual co-operation in developmental activities among political parties.

6. Our recommendation to transfer substantial quantum of powers from the State Government to the local bodies, is bound to have concern with the existing scheme of distribution of powers between the Union and the States, which would require a detailed but separate consideration. In order to achieve requisite status as well as continued functioning, the Committee agree that some provision in the Constitution deserves a careful consideration of the Government of India.

7. On account of growth of the span, spatial scatter and the complexities of the development activities, as also significant changes in the strategies, the context of institution-building in rural India has undergone a change since the submission of the Report of Balvantray Mehta Study Team in 1957.

Among the striking changes in rural India, considered in Chapter II, the most important have been (a) imparting of dynamism to agriculture which was previously stagnant (b) the enlargement of the concept of agriculture to cover allied occupations like dairy, piggery, fishery, social forestry, etc. which are of special relevance for the economy of the weaker sections (c) assured availability, on an increasing scale, of new agricultural

technology including scientific utilisation of major and minor irrigation (d) emerging shifts in national policies towards cottage, village and rural industries at localised production points (e) increasing possibilities for absorption of institutional credit for effective implementation of productive projects (f) growing importance of marketing, involving a series of extra-local transactions (g) the emergence of growth centres and need for tackling the rural-urban continuum (h) increasing emphasis on group action and conjoint activities (i) growing concentration on special efforts to organise and assist the weaker farmers in particular and poorer sections of society in general and finally (j) coupled with the developmental urges, the evolving need for provision of the welfare and municipal utilities requiring, in the rural areas, different types of technical servicing functions.

8. The institutional, structural and functional contours of Panchayati Raj have to be in conformity not only with the accelerating pace of development but also with its strategies and policies. New structures of development administration or local level development management will have to take into account the functional necessities of the on-going development thrust. Panchayati Raj Institutions in the coming decades should, therefore, be equipped to undertake democratic development management under conditions of rapid changes, continuous growth and sustained innovations in all spheres of rural life.

9. State Governments should realise the social costs of administering expanding development programmes from a distance or through only governmental machinery. When they delegate the responsibilities for implementation to lower levels, they can concentrate on refinement of strategies and higher-level policy-making in the management of challenges of development administration in areas such as rural land structural deficiencies, agricultural modernization, rural industrialisation, credit universalisation and planning for fuller utilisation of natural resources.

STRUCTURES, COMPOSITION AND ELECTION

10. The institutional design for Panchayati Raj should take into account the functional necessity of propelling the on-going developmental thrusts, build upon the intricacies at the appropriate levels and transmit the impulse to the people through location-specific involvement.

11. The emerging scenario of the dynamics of development necessitates that the technical expertise of a high order be made available at levels below the State to sustain the momentum of

rural development, which, in many cases, has been already administratively decentralised at the district level. The inescapable compulsion, therefore, is that the district should be the first point of decentralisation, under popular supervision, below the State level.

(IV.6)

12. Below the district level, the balance between technological requirements and possibilities for meaningful participation by the people in development management can, in our view, be best achieved, by grouping a number of villages to constitute Mandal Panchayats. These would not only ensure an economic viability; this will enable the people's representatives to exercise democratic supervision over the large number of micro-projects which are to be implemented at the local levels in the coming years. Most of these projects are not entirely village-based but would require a span of technology beyond the capacity of a Village Panchayat. The attention to the family-based programme, often covering as many as four hundred families, needs larger unit to tackle them than at present. Such a Mandal Panchayat would cover a population of 15,000 to 20,000 and would also facilitate the forging of necessary linkages with schemes for development of focal points and growth centres and would ensure efficient management of the growing rural-urban linkages.

(IV.2 to IV.8)

13. While our preference is for two tiers—a district-level Zilla Parishad and a Mandal Panchayat—we are conscious of the fact that two other tiers are already in existence and it may take time for the suggested institutional design to take shape and become fully operational. The block-level Panchayat Samitis, where they exist now, would be converted into non-statutory executive committees of Zilla Parishads and when the Mandal Panchayats become active, most of their functions would be taken up by the Mandal Panchayats. As a transitional structure, the Block can, therefore, continue as per the convenience of the States keeping in view their requirements and the stage of development. At the village level, the people would be involved in Mandal Panchayats through Village Committees which would look after the municipal functions and related welfare activities. Till the Mandal Panchayats are constituted, a federation of existing Village Panchayats may be desirable.

(IV.6, IV.6.1, IV.6.2)

14. Regarding the composition of the various tiers of Panchayati Raj, we would like to suggest only a broad pattern. We would, however, like to make it clear that whatever be the structural arrangements, the directly elected element must preponderate over the others at all levels. In the elections, the Scheduled Castes and Scheduled Tribes should get representation on the basis of their population. The Chairman of Zilla Parishad will be elected indirectly. The President of the Mandal Panchayat may, however, be elected directly or indirectly as the States may decide. The term of all the elected tiers should be 4 years, and, as far as possible, election to all these bodies should be held simultaneously.

(IV.11.3, VII.8.3)

15. Our proposals regarding the structures would have to be necessarily modified in case of areas with predominant tribal population or in hilly or desert areas. Thus, in tribal areas Mandal Panchayats may be formed for smaller population as necessary. Again, in tehsils/blocks where strong traditional tribal organisations are functioning, they may be allowed to look after their social functions. Similarly, structures established by the Constitution under Schedule VI need not be disturbed.

(IV.7.1, IV.7.2, IV.8.1, IV.8.2)

16. The Zilla Parishad should consist of six types of members, viz. members elected from suitably demarcated electoral divisions, Presidents of the Panchayat Samitis on an ex-officio basis, nominees of bigger municipalities, nominee of district level cooperative federation, two women who have secured the highest number of votes in the Zilla Parishad elections (in the event of no women coming forward for election, two women may be coopted) and two coopted members—one with special interest in rural development and the other drawn from University/College teachers. The Chairman of the Zilla Parishad would be elected from amongst the directly elected and ex-officio members by all the members.

(IV.9)

17.(a) The Zilla Parishad would function through a number of Committees, the more important ones being constituted for Agriculture, Education, Small Industries, Finance and Public Works. The composition of all the Committees would be on the basis of proportional representation so as to ensure representation to all sections and shades of opinion. A Committee of the Chairmen of these Committees will function as the Standing

Committee of the Zilla Parishad. There will be a Committee on Social Justice in Zilla Parishad as well as at other levels also.

(b) All members of the Zilla Parishad and M.L.As., M.L.Cs. and M.Ps. from the concerned district shall constitute the Planning Committee at the district level for plan formulation and periodic review.

(c) A suitable Committee for dealing with the problems of Education staff like transfers to be comprised of members of Zilla Parishad, a representative of the State Government and the District Education Officer with a view to bring in evenness and method in transfers and postings.

(IV.10, IV.15, VII.10.1, VII.10.2, VI.11, V.5.3)

18. Panchayat Samitis, till they continue to exist, should consist of the following categories of members: (1) Presidents of the Mandal Panchayats, where they have been constituted, on ex-officio basis, (2) Zilla Parishad members elected from electoral divisions in the Mandal Panchayat areas, (3) nominees of smaller municipalities and block-level cooperative federations, (4) one coopted member, having special interest in rural development. The President of the Panchayat Samiti would be elected from amongst the ex-officio and directly elected members of the Zilla Parishad from the Samiti area by all the members. In approximately 1000 Talukas|Blocks (where either the Scheduled Castes constitute 20 per cent of total population or the Scheduled Tribes are majority of population) the Chairmanship of Panchayat Samitis can be reserved for them.

(IV.9, VII.8.4)

19. The Mandal Panchayat would consist of the following categories of members:

(a) 15 members directly elected on village-*cum*-population basis;

(b) representatives of Farmers' Service Societies;

(c) two women securing the highest votes in Mandal Panchayat elections (if none contested, two women may be coopted).

The President of the Mandal Panchayat would be elected by the directly elected members from amongst themselves. The President may, however, be elected directly as the States may decide. Seats may be reserved for Scheduled Castes|Scheduled Tribes on a population basis in the Mandal Panchayat. A Committee with all women members of the Panchayat represented on it would also ensure that decisions are made by women themselves

on priorities and choices in welfare and development programmes specifically for women and children.

(IV.9, VII.9.2, X.10.2)

20. The Village Committees would consist of the following categories of members: (1) members elected to Mandal Panchayat from the respective electoral unit, (2) members elected to the Zilla Parishad from the respective electoral units, (3) representatives of small and marginal farmers. The Village Committee will be presided over by the Member of Mandal Panchayat elected from the village concerned.

(IV.9)

21. The Gram Sabha has an important role in activating the democratic process at the grass-roots and deserves genuine encouragement. The proposed Village Committees would have the special obligation to organise two Gram Sabha meetings every year to explain to the people what programmes the Mandal Panchayats are executing in their area and to channelise the people's feedback to the Mandal Panchayat.

(IV.5)

22. The Nyaya Panchayats like the Gram Panchayats were adopted as institutions for dispensation of justice at the local rural level.

The working of Nyaya Panchayat has shown mixed results, in most cases they remained inactive. The administration of justice on a decentralised basis has its merits but the functioning of the existing Nyaya Panchayats have not been able to elicit popular satisfaction.

The Committee are of the view that Nyaya Panchayats should be kept as separate bodies and should not be mixed with the people elected for development panchayats. The members of development panchayats wield executive powers and there are chances that justice may suffer if the two functions are combined.

The Committee are in favour of a combination of a qualified judge to preside over a bench of separately elected Nyaya Panches. The elected Nyaya Panches will not be entitled to seek re-election; they should serve in an area other than that from which they have been elected.

(IV.18, IV.18.1, IV.18.2, IV.18.3)

23. Panchayati Raj elections should be conducted by the Chief Election Officer of the State in consultation with the Chief Election Commissioner.

(IV.16.1)

24. The State Government should not supersede the Panchayati Raj Institutions on partisan grounds and if supersession becomes necessary, these should be replaced by an elected body within six months. The State Governments should not postpone elections of Panchayati Raj Institutions.

(IV.16)

25. Participation of political parties in Panchayati Raj elections would ensure clearer orientation towards development programme and facilitate healthier linkages with higher level political process. Direct elections coupled with programme-based contests, would offer great scope to weaker sections for availing of the opportunities offered by the political system.

(IV.14)

FUNCTIONS

26. The functions devolved upon Panchayati Raj Institutions being highly location-specific, exhaustive list of functions, in an all-India perspective, will not have much operational relevance. Local priorities in all development programmes vary from region to region and it is, therefore, necessary that the States and the Union Territories should have adequate scope for evolving their own list of functional priorities.

27. Our basic approach with regard to decentralisation is, that of spectrum of functions and tiers; development being a dynamic process, functions cannot remain static. Periodic adjustments would, therefore, have to be made in the functions devolved upon Panchayati Raj Institutions to suit the changing requirements. But this does not mean that decentralisation can be viewed as a political charity or administrative concession. The functional agenda of Panchayati Raj Institutions would be inescapably determined by the unfolding logic of "dynamics of development"; in the interests of effective implementation State Governments would have no choice but to decentralise adequate powers and functions and provide proportionate financial resources at the relevant local levels.

28. Keeping in view the foregoing approach, all the development functions relating to a district which are now being discharged by the State Government would have to be placed under the Zilla Parishads. Some of the functions which can be so decentralised include: agriculture and allied sectors, health, education, communications, rural industries, marketing, welfare of backward classes, family welfare, etc. Even under these heads certain parts may have to be with the State Government

Thus, functions such as agricultural research, college and university education, medium irrigation projects and other similar items involving complications or cutting across district boundaries may not be transferred to Zilla Parishads.

(V.4)

29. Under the new scheme envisaged by us, the decentralisation would commence with the district as the first point and further movement below will take place depending upon the situation in each State. Broadly, the Zilla Parishad will handle all the decentralised State programmes and plan for them at the district. The Mandal Panchayat will handle the implementation work.

(V.3.2)

30. Mention is needed of cooperation (which should remain outside the purview of Panchayati Raj Institutions) and education (which must be entrusted to Panchayati Raj Institutions). In our view, cooperation should not be under the Zilla Parishad as it would be placing one set of elected bodies under another. The Panchayati Raj Institutions can limit themselves to motivating and organising the co-operative movement at this stage. As regards education, we feel that it can be transferred to Zilla Parishad with the proviso that a committee should be specifically constituted to look after transfers and postings. Supervision by local bodies will, in our view, not only improve the attendance of teachers but it is anticipated that the ratio of drop-outs will decrease. The programmes on adult education will also be accelerated.

(V.5.1, V.5.2, V.5.3)

31. The entrustment of development functions to Panchayati Raj Institutions would remain incomplete unless all the Panchayati Raj Institutions are vested with the authority to take their own decisions and plan according to their own requirements. Planning would, therefore, be an important function to be discharged by the Zilla Parishads.

(V.6.1)

32. The functions of the Mandal Panchayats would have to be viewed from a new angle. They would be responsible for implementation of the schemes and projects assigned by the Zilla Parishad. These would be many. They would have to play a promotional role in activating community action, build up organization and project formulation. They would continue to perform the functions conventionally assigned to them under

various statutes. They would have increasing role to play in the sphere of municipal and welfare functions.

(V.7)

33. Elaboration of an omnibus list of Mandal Panchayat functions has no relevance unless there is genuine decentralisation accompanied by corresponding resources. The foregoing classification of the Mandal Panchayat functions would, indeed, facilitate the process of decentralisation by helping the task of identification of areas in which further decentralisation can take place. What is, therefore, needed at the Mandal Panchayat is purposive work allocation and transfer of money component alongwith the functions assigned to them for implementation. This would not only introduce clarity into the expenditure pattern, as also help the State-level Heads of Departments in specifying the operational procedures for execution of various plan projects. In general, Mandal Panchayats have to administer, co-ordinate, and provide institutional supervision to on-going field level projects.

(V.7, V.7.3, V.7.4, V.7.5, V.7.5.1)

34. The Panchayati Raj Institutions in general and the Mandal Panchayat in particular can play an important role in the sphere of municipal and welfare functions by supplementing the State Plan outlays in this regard. Many of these requirements might be so local that even such comprehensive programmes as the R.M.N.P., may not be able to cover them; but the Mandal Panchayats are more intimately concerned about such items.

(V.9)

35. In view of the fast moving developments and transitions, the regulatory functions may continue to be vested in the Collector but such regulatory functions which are germane to implementation of various development programmes should be assigned to the appropriate tier of Panchayati Raj. Further, the Revenue Department should be reoriented to encourage and facilitate the working of Panchayati Raj Institutions.

(V.10, V.10.1, V.10.2)

36. The devolution of regulatory functions upon the Panchayati Raj Institutions may be reviewed in due course of time when the Zilla Parishads have been properly established and are in a position to make and implement their own plans with the quantum of resources available or placed at their disposal.

(V.10.5)

37. The Mandal Panchayats would have to be suitably integrated with growth centres. They would have to take the necessary decisions concerning marketing, input supplies, credit and servicing and welfare requirements in association with other organisations in this regard.

(V.11)

38. In due course of time the Mandal Panchayats will have to be the base-level organisation for project implementation and as such they would not only take over the functions of the Block but higher level technical expertise will be made available at lower levels. Some of the block-level functions would have to be moved upwards as only the district-level body would be competent to discharge them.

(V.12.1, V.12.2)

PLANNING

39. With the district as the strategic level for economic planning, the Zilla Parishad should be made responsible for planning at the district level. The appreciation of the total resources, the credit availability and the necessary strategy formulation covering several blocks would be feasible at the district level. An elected Zilla Parishad would also provide the much needed correctives to the techno-economic plans. The production and employment programmes prepared at the Block level will fit into the totality of the plan.

(VI.1, VI.6.1, VI.8)

40. A professionally qualified team should be stationed at the district level for preparation of district plans. The composition of this group would be on the lines suggested by the Expert Group on Block level Planning. While formulating the plans, the expertise of the district level staff should take into account a cross section of all shades of public opinion relevant to the district.

(VI.9.1, VI.9.2)

41. The State Government would have to provide continuous assistance in the process of district planning. It would have to ensure that the national objectives relating to weaker sections are pursued by the Panchayati Raj Institutions. They will also have to provide the financial and physical parameters as well as technical expertise to the technical group. It should also ensure equitable allocation of resources and fixation of long-range priorities.

(VI.10)

42. The district plan prepared by the technical group would be placed before the "committee of the whole" of the Zilla Parishad where the MPs, MLAs and MLCs are also members.

(VI.11)

43. The State Government should provide necessary machinery for examining the district plans to enable formulation of the State Plans. It should also hold a dialogue with the Zilla Parishads in this regard.

(VI.12)

44. The District Planning should take care of urban-rural continuum. The District Plan should also analyse data on growth points and growth centres in order to provide for necessary economic flows.

(VI.13.1, VI.13.2)

45. Intensive exploitation of new opportunities of resources earmarked for the Weaker Sections should be a part of the plan process itself. The District Social Justice Committees will be of considerable help in this regard.

(VI.13.3)

46. The on-going exercise of District Planning should also take into account the formulation of sound projects and short-term action plans covering areas of specific endowments, poverty belts and specific target groups.

(VI.13.4)

47. In order to avoid the problem of non-implementation and non-absorption of the many "delivery systems" which are already functioning, the several implementation components of all the local-level projects should be analysed in advance and greater attention should be paid towards synchronization and orchestration of the activities of the project-level functionaries of the different disciplines. Coherent activity analysis, standardized micro-project plans including flow-charts of goods, services and functionaries will also have to be prepared so that the Mandal Panchayat can play an effective role in administrative coordination and institutional supervision.

(VI.14.1, VI.14.2)

48. At present, some districts are too large to facilitate drawing up of composite plans. Keeping in view, among others, the guidelines of compactness, effectivity, manageability and the number of representatives in the Zilla Parishad, smaller districts would be desirable.

(VI.15)

49. To begin with, the Mandal Panchayats may be limited to implementation and promotional roles, but they would have a key role in supplying the necessary information about the various schemes and suggest the potential areas of development as well as their requirements to the Zilla Parishad. They would have to play this role on a continuing basis and not merely by holding a meeting to consider the draft plan or sending their comments on it to the Zilla Parishad. The planning unit at the district level should take note of the views articulated by the Mandal Panchayats from time to time.

(VI.17)

50. The total credit inflow for agricultural development is expected to rise significantly in the years to come. The Panchayati Raj Institutions should, therefore, pay greater attention to the institutional finance rather than concentrating on budgetary sources as in the past. This would be possible only if the Panchayati Raj Institutions pay due attention to ensuring greater responsiveness in project implementation by ascertaining the views of the beneficiaries since these require considerable people's participation like the Revised Minimum Needs Programme.

(VI.18, VI.19)

51. The Panchayati Raj Institutions should not only be regarded as a forum for obtaining the views of people's representatives but, in due course, they should become capable of planning for themselves within the resources available to them.

(VI.20)

Weaker Sections

52. The Scheduled Castes and the Scheduled Tribes constitute the bulk of the rural poor and their welfare has been enjoined by the Directive Principles of State Policy. Besides, a number of development programmes have been launched for this purpose. The inability as well as the structural inadequacies of the Panchayati Raj Institutions to benefit the weaker sections of society have made us very anxious to provide structural as well as programmatic remedies to ensure that they derive, in adequate measure, the benefits of the planned development of the country. Their confidence in the developmental role of Panchayati Raj Institutions and participation in the functioning should be assured through several measures.

53. Among the institutional devices for ensuring adequate representation commensurate with their numbers we would like

to recommend the following: (i) In order to provide a fair deal to Scheduled Castes and Scheduled Tribes their representation in all Panchayati Raj Institutions should be on the basis of their population, (ii) 666 talukas/blocks where the Scheduled Castes constitute more than 20 per cent of the population and in 329 talukas|blocks where Scheduled Tribes constitute a majority of population, the principle of reservation should be extended to elective offices, (iii) the reservation system can be supplemented by formation of Social Justice Committees where the Chairman should be only from Scheduled Castes/Scheduled Tribes, (iv) with a view to provide political support to the objective of protection of the interests of the weaker sections, a Committee of the Legislature with, as far as possible, majority representation of MLAs/MLCs belonging to Scheduled Castes/Scheduled Tribes should be set up to review the working of the programmes meant for these communities. This Committee would also be responsible for Social Audit of funds earmarked for Scheduled Castes/Scheduled Tribes.

(VII.9.2, VII.9.3, VII.10.1, VII.10.2)

54. In order to ensure that the weaker sections of society derive maximum benefits from the various plans we would like to suggest that there should be an independent authority to carry out 'Social Audit' of the funds and programmes earmarked for the Scheduled Castes and Scheduled Tribes and ensure that projects designed for them are implemented in a way that the desired impact is not diluted. To begin with, a separate wing may be created in the existing audit set up and the Collector may be made responsible for supplying to the Government all the data required for Social Audit.

(VII.11.1)

55. Development programmes leading to diversification of occupational pattern have a great degree of relevance for the Scheduled Castes and Scheduled Tribes; the Panchayati Raj Institutions should be involved in opening up these occupational vistas in rural areas in such fields as dairying, poultry farming, piggery, fisheries, scrub jungle forestry, etc.

(VII.131, VII.14.2)

56. Panchayati Raj Institutions as people's institutions can provide the field-level support to Finance/Development Corporations for Scheduled Castes/Scheduled Tribes, (which are in operation in some States and should be established where not yet in existence) providing financial and technical assistance for

various programmes beamed at Scheduled Castes and Scheduled Tribes.

(VII.15)

57. It should be the special responsibility of the State Government to ensure, through purposeful administrative measures (both protective as well as developmental), that the scale-neutrality of the new technology is maintained, credit flow is made accessible to the poorer sections of society for credit-worthy programmes and development of their skills is continuously fostered. A number of physical resources are still available under the control of Panchayats and Panchayat Samitis which are not being fully realized for the benefit of the poorer sections of the community. In some cases certain influential people in the village have encroached upon such resources. The State Governments should undertake necessary eviction proceedings and launch a vigorous drive to restore these to the Panchayati Raj Institutions; it is also necessary that the relevant regulatory functions should be placed under the Panchayati Raj Institutions as part of their developmental functions.

(VII.16.1, VII.16.2)

58. Among the various development programmes which can be implemented for the benefit of Weaker Sections on the hitherto unused or neglected communal resources we would like to make a special mention of social and farm forestry and brackish water pisci-culture. Composite culture of brackish water fish and prawns has an immense economic potential which must be harnessed for the benefit of the Weaker Sections. The scientific utilisation of unused areas under reserve forests and protected forests as well as the areas lying between villages and reserve forests where various easement rights prevail can be used to settle landless labour as well as provide effective support to animal husbandry. A time-bound programme to link up the development of such land and water resources with the poorer families should be made an important part of States' responsibility to be implemented through Panchayati Raj Institutions and continuously monitored by the Social Audit Agencies, the Social Justice Committee and the Committee of Legislature.

(VII.16.3, VII.16.4, VII.16.5, VII.16.6)

Administration

59. Our basic approach to remoulding of the administrative organisation of Panchayati Raj Institutions is that administration must drape well with the body politic and fit its contours.

With the decentralization of the functions of the State Government, all the concerned district-level officials would, therefore, have to be placed under the Zilla Parishads and lower tiers. A separate development administration functioning on a decentralized basis would, thus, develop along with a composite Zilla Parishad Secretariat.

(VIII.1, VIII.2.1, VIII.2.2)

60. The constitution of elective organisation to supervise and direct development programmes would certainly upset the existing administrative routines but the various problems of personnel management and personal adjustments should not be allowed to stand in the way of this change over; the administrative apparatus would have to adapt itself to this fundamental change.

(VIII.3.1, VIII.3.2)

61. The Maharashtra and Gujarat experience provides many pointers to tackle the problems relating to promotions, protection of pay and other emoluments and maintaining uniformity in service conditions. Generally speaking, all staff of Gazetted rank in Class I and Class II should continue to remain on the cadres of the State Government while the Class III and Class IV should be fully handed over to the Panchayati Raj Institutions. There should be adequate provision for inter-changeability between the State level officers and Class I and Class II working under the Zilla Parishads. The recruitment of the Zilla Parishad staff may be done by independent State—and district-level boards.

(VIII.3.3)

62. All developmental staff with the Zilla Parishad should be placed under an officer to be designated as the Chief Executive Officer of Zilla Parishad. The Chief Executive Officer will achieve horizontal coordination vis-a-vis the other district heads who will be Secretaries of the respective subject committees of the Zilla Parishad with Chief Executive Officer being an invitee to the Committees' sittings.

(VIII.4, VIII.5.1)

63. Zilla Parishad will be responsible for policy formulation supported by any specific decisions taken by its committees, but the main responsibility for the entire implementation work should be that of the Chief Executive Officer. The development executive should be of a sufficiently high rank; a person who has successfully "done" a district for a period of not less than 3 years should, therefore, be appointed as Chief Executive Officer.

(VIII.5.2, VIII.5.3)

64. Some transitional, mainly personnel, problems involved in division and transfer of the entire district staff into State and District cadres are inevitable.

(VIII.6)

65. Even after the decentralization of district-level functions to Panchayati Raj Institutions, the State Government would continue to maintain some district-level staff for the execution of its schemes but the extent of dualism of staff would be restricted to State functions which would be determined at the time of decentralizing the powers to the Zilla Parishad.

(VIII.7)

66. The Collector would continue to exercise the regulatory. revenue and other functions assigned by the State Government. He would also organize and help the conduct of 'Social Audit'. The role of the Collector may have to be reviewed later when some of the regulatory functions of the State are sought to be transferred to the Zilla Parishad. (VIII.9)

67. Mandal Panchayat would be handling the developmental as also municipal and welfare functions. It would, therefore, be possible for them to have a full-time Panchayat Executive Officer, instead of part-time assistant. His salary and emoluments should be appropriate to attract sufficiently qualified personnel. There is considerable staff of different development departments at the field level : in due course, this staff (e.g. such officials as the Agricultural Extension Officer, the Veterinary Stockmen, the Fisheries Extension Assistant, Commercial Crop Extension Workers, Small Industries Promotion staff and the health sub-centre staff etc.) should move to the Mandal Panchayat level.

(VIII.10.1)

68. As far as technical inputs are concerned, the line-hierarchy will not be broken. The staff in the Zilla Parishad will be under the control of their superiors for technical matters giving scope for technical line control but they would be under the Chief Executive Officer for purposes of administrative control. The Confidential Character Rolls of the District level technical staff written by the Chief Executive Officer will, therefore, be countersigned by the concerned Head of Department. The Confidential Character Rolls of the Chief Executive Officer, written by the Chairman, could be countersigned by the Commissioner of the Division.

(VIII.11)

69. On account of increase in the volume of development work and their growing complexity, it would be necessary to constantly study the developmental requirements and mould the strctures and functions of the State-level departments looking after the Panchayati Raj Institutions. There should be a Minister for Panchayati Raj whose main tasks would be as follows:—

(a) Enactment of Panchayati Raj legislation;

(b) Elections to Panchayati Raj Institutions;

(c) Training of elected office bearers and executive officers and administration of all Training Centres meant for the Panchayati Raj system as a whole;

(d) Promotion of Audit of Panchayati Raj Accounts;

(e) Review of Panchayati Raj activities for report to the State Legislature;

(f) Promotion of camp training of elected members of Panchayati Raj.

For the routine administrative work, a strengthened Directorate of Panchayati Raj and a Secretariat Department under a Development Commissioner would be necessary but all the development departments would have to play a role in the successful working of Panchayati Raj Institutions.

(VIII.13.2, VIII.13.3, VIII.13.4)

70. As a part of the evolution of a new administrative culture, the Heads of Departments from the State Headquarters can call on Chairman, Zilla Parishad on their visits to the districts to acquaint him with the essential features of the visit. The Chairman, Zilla Parishad should also establish rapport with the various State level Directors for achieving smoother and streamlined delivery systems.

(VIII.12)

71. The Panchayati Raj statutes should be so framed as to facilitate the transfer of full powers. The responsibility of the Council of Ministers at the State level is particularly significant in this regard as two Committees of Legislature will be looking after the entire performance of Panchayati Raj Institutions.

(VIII.13.5)

72. The State Government should also arrange for periodical independent evaluation of the working of Panchayati Raj Institutions by independent agencies including educational institutions with the Universities playing an important part.

(VIII.13.6)

73. The Government of India also have the special obligation to strengthen the process of democratic development management at the rural level. They have to ensure that development programmes falling in the district sector do not, in any way, by-pass the Panchayati Raj Institutions. The suggestions made by us such as increasing the training facilities will require the Centre to play a positive role. (VIII.14)

Financial Resources

74. The current situation in the flow of funds to Panchayati Raj Institutions from diverse channels has been analysed and the possibilities have been pointed out for either strengthening or emulating the procedures from other States, for augmenting the resources. While this process may have to continue for sometime, it requires to be emphasised that any proposals for financial devolution or financial decentralization should not emanate from a traditional approach but from our basic commitment to the logical imperatives of the dynamics of development which clearly postulate the entrustment of a great deal of developmental functions at the district level, with the Mandal Panchayat playing a key implementational role.

(IX.12.1)

75. Apart from the budgetary devolution from the State Government, the Panchayati Raj Institutions also should mobilise enough resources of their own. No democratic institution can continue to maintain its operational vitality by depending upon external resources. The thesis "no taxation, only representation" should be discouraged. For this purpose, all Panchayati Raj Institutions should have compulsory powers of taxation. A select list of taxation powers should be given to the Panchayati Raj Institutions and out of them some should be made compulsory. It is not possible to have a standard list for all States. But certain taxes like house tax, profession tax, entertainment tax, special taxes on 'land and buildings' should be levied compulsorily by the Panchayati Raj Institutions at appropriate level.

(IX.12.2, IX.5.4)

76. The taxation powers given to the Panchayati Raj Institutions should be limited and specific and must not operate inequitously. Certain occupations and professions in whom the weaker sections predominate should be exempted, through statutory provisions, in order to ensure social justice.

(IX.5.4)

77. Incentives can be offered for optional taxes realised. These may take the shape of award of prizes or provision of matching grants.

(IX. 10.4)

78. In addition to taxes, the Panchayati Raj Institutions should levy fees/taxes for services like lighting, sanitation, water supply, etc. The maxima and minima of these fees should be laid down to avoid arbitariness or lack of uniformity.

(IX.12.3)

79. At this stage, land revenue, cess on land revenue, cess on water rate, surcharge on stamp duty, entertainment tax and show tax, etc., should also be assigned to the Panchayati Raj Institutions with higher percentage to Mandal Panchayats. To provide local initiative, the Panchayati Raj Institutions must be statutorily empowered to request the State Government to increase the cesses. In this context, the Committee recommend the complete transfer of land revenue to Panchayati Raj Institutions in a phased manner over a period of five years taking into account the buoyancy of other taxes.

(IX.12.4, IX.8.2, IX.8.3)

80. In the emerging rural development programme, the transfer of public properties such as porambokes, grazing lands, unreserved forests, orchards, public lands, cattle ponds, fishery tanks, ferries, quarries, etc. would have great significance and these should be statutorily vested in the Mandal Panchayat in cases where it is not already done. This is not a mechanical transfer but for the purposes of maximising the yield out of these resources; this activity will increase as a part of their functions. In the emerging context of escalation in their potentialities and fiscal worth, markets, hats, shandies, fairs, etc. will be a significant source of revenue. Hence, custody of such fairs, hats and other markets should be vested with the Panchayati Raj Institutions.

(IX. 12.5)

81. With a sizeable population-base and a territorial jurisdiction covering a number of "markets" the Mandal Panchayat would be able to tap a more diversified resource-base with greater intensity and elasticity. It is these revenue yielding sources that should be built up both with budgetary support of Government and institutional finances. Such sources will be

mostly with Mandal Panchayats but can be transferred to Zilla Parishad, depending upon the size of the source. A scheme of support by State Government from budgetary sources carrying small or no interest supplemented by institutional finance would go a long way in helping the Panchayati Raj Institutions to proceed with their aims of establishing remunerative enterprises.

(IX.11.3)

82. Apart from the taxation powers of their own and transfers effected through several possibilities indicated earlier, a permanent annual grant of not less than Rs. 2.50 per capita should be available to the Mandal Panchayats. It should be the objective; the quantum of several transfers should be, at least, to this target.

(IX.12.6)

83. As the power to impose taxes should not be divorced from the responsibility for their collection, the officials of the Panchayati Raj Institutions should themselves collect the taxes.

(IX.6.1)

84. Combination of Patwari and Secretary as per the suggestion of the Santhanam Team is not desirable. At the time of consolidation of holdings, the provision for reserving areas for common purposes should be strictly enforced and these should be entrusted to the Mandal Panchayats. It would be possible for the Mandal Panchayat to economise on too many part-time or full-time low paid Secretaries and get the services of a better paid Secretary who would look after the collection of taxes and also be responsible for the other functions entrusted to the Mandal Panchayats.

(IX.6.2, IX.6.3)

85. The burden of collection of land revenue should be left optional to the concerned Panchayats, but the Mandal Panchayats collecting land revenue should get a commission commensurate with the results so as to provide a built-in incentive. When the Mandal Panchayat comes into full-fledged existence the policy may, however, be reviewed again.

(IX.6.4)

86. When all functions relating to Plan implementation at District level are transferred to the Zilla Parishad, this will also involve transfer of the finance along with projects. The allocation of the projects/plan funds has to be done on a formula worked out to achieve equity among the Districts and weightage

77. Incentives can be offered for optional taxes realised. These may take the shape of award of prizes or provision of matching grants.

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mostly with Mandal Panchayats but can be transferred to Zilla Parishad, depending upon the size of the source. A scheme of support by State Government from budgetary sources carrying small or no interest supplemented by institutional finance would go a long way in helping the Panchayati Raj Institutions to proceed with their aims of establishing remunerative enterprises.

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85. The burden of collection of land revenue should be left optional to the concerned Panchayats, but the Mandal Panchayats collecting land revenue should get a commission commensurate with the results so as to provide a built-in incentive. When the Mandal Panchayat comes into full-fledged existence the policy may, however, be reviewed again.

(IX.6.4)

86. When all functions relating to Plan implementation at District level are transferred to the Zilla Parishad, this will also involve transfer of the finance along with projects. The allocation of the projects/plan funds has to be done on a formula worked out to achieve equity among the Districts and weightage

to backward areas. Further, the non-plan expenditure incurred at the District or lower levels should also be under the administration of the respective tiers, since it would be conducive for composite development work and build up the capabilities of Panchayati Raj Institutions.

(IX.9.4)

87. Administrative expenditure on the salaries, allowances, etc. of the staff transferred as on the date of transfer, be given as a grant to the Zilla Parishads or to the other concerned tiers.

(IX.10.3)

88. The appointment of a State Finance Commission does not appear to meet the situation. The major need is more to achieve an equitable distribution of plan allocations.

(IX.10.9)

89. The establishment of a new financing body, like a Panchayati Raj Finance Corporation, dependent partly on public borrowing, is not likely to add to the total availability of the credit. What is required in this context is a greater rural orientation to all the financial institutions to facilitate greater flow of credit to rural areas.

(IX.11.6)

90. The pattern of budgeting, followed by the Panchayati Raj Institutions, should be simple.

(IX.13.2)

91. The State Governments also will have to evolve a budgetary procedure which will indicate the transfers of different types to the Panchayati Raj Institutions.

(IX.13.4)

92. Each State Government may, taking into account the local circumstances, prepare comprehensive guidelines for the use of their officers and Panchayati Raj Institutions for the preparation as well as for approval of budgets.

(IX.13.5)

93. An important element to be emphasised both in the preparation of the budget as also in its format is the emphasis need to be placed on sufficient allocation and earmarking of the funds for the projects for the Weaker Sections. The quantum provided and the appropriate utilization for the target-groups would be within the jurisdiction of the Social Audit.

(IX.14.6)

94. Approval of budget by a higher authority seems to be a desirable practice, as it provides a linkage and also enables the

higher level tiers of Panchayati Raj to know what is happening at the lower tiers and also to make suggestions for better utilization of such funds.

(IX.13.7)

95. A sufficiently high ranking finance officer should be placed at the district level as the entire plan and non-plan funds would be under his supervision.

(IX.13.8)

96. Every State should endeavour to present consolidated finance accounts of Panchayati Raj Institutions to the Legislature.

(IX.14.1)

97. State Governments should immediately review the delay in audit which is partly caused by inadequate staff and partly by lackadaisical procedures.

(IX.14.2)

98. Quick clearance of the outstanding audit objections pertaining to Panchayati Raj Institutions has special importance in view of the proximity and involvement of people's representatives with the expenditure at these grass-root levels.

(IX.14.3)

99. A concurrent audit by the Examiner of Local Funds Accounts should be made operative instead of post audit.

(IX.14.4)

100. Procedures for submission of utilisation certificates by the Panchayati Raj Institutions for the grants given by Government must be made simpler.

(IX.14.5)

101. The State Governments should consider the establishment of a Committee of the Legislature to be specifically concerned in the financial and physical performance of Panchayati Raj bodies. Alongwith the consolidated finance accounts, the State Government should also lay on the Table of the Legislature, an Administrative Report on Panchayati Raj Institutions.

(IX.15, IX.16)

Human Resources Development

102. The human factor is not only a component of growth but also shapes the texture of the society. In many ways, therefore, the human resource is more vital than the financial. Development of human resources should be, therefore, a primary feature of Panchayati Raj Institutions.

(X.1)

103. There should be three types of training: (i) for officials; (ii) for elected representatives; and (iii) combined courses for both officials and elected representatives together. The programme content would vary as suited for each participating group.

(X.3, X.4, X.5)

104. The training programmes, covering officials as well as non-officials, would be of a staggering dimension. This would require not only the activation of the existing institutions but also considerable augmentation of their numbers and resources Suitable remedial measures should also be taken to resuscitate and revitalize the State-level training institutions.

(X.6, X.7, X.7.1)

105. The National Institute of Rural Development should be the apex all-India institution for training of trainers, field studies, developing consultancy capabilities, research work and improvement in the level of training in the States. Its faculty should be strengthened and upgraded for this purpose. The Government of India has an important role to play in this regard.

(X.7.3, X.7.4, VIII.14)

106. There should be an evaluation for each of the training programmes so that it will be possible to make necessary modulations from time to time.

(X.7.5)

107. Importance should be attached to the programmes for adult education to develop the latent civic consciousness in all the people and thus strengthen the faith in the working of the Panchayati Raj Institutions. The Panchayati Raj Institutions should have a major role in organising such programmes.

(X.8)

108. As a large segment contributing for the successful operation of a democratic system, special attention is to be paid to the role of women in Panchayati Raj Institutions. Their role could be strengthened in two ways: by allowing them to participate in the election processes more actively and also by giving them opportunities for decision making.

(X.9, X.10.1)

109. To secure their participation in elections, for the two seats reserved for women in the Zilla Parishad and Mandal Panchayat, any woman who gets the highest number of votes in

the election, even if she does not win, should be taken in as a coopted member.

(X.10.2)

110. There should be a Committee of Women to operate and look after specific programmes which largely concern women and children. This would ensure that they do not become victims of the processes of change and that decisions are made by women themselves on priorities and choices involved in their programmes. Such a Committee should have the powers of the Mandal Panchayat with reference to the programmes specifically assigned to them

(X.10.3)

111. In designing the Rural Industrialisation programmes there should be special efforts to concentrate on programmes to provide gainful employment to rural women. This will also strengthen their management capabilities.

(X.10.4)

112. The formation of Mahila Mandals should be encouraged.

(X.11)

113. The present and the future success of the democratic process through Panchayati Raj Institutions lies with the rural youth.

(X.12)

114. Rural youth is not yet fully covered by the Yuvak Mandals; this weakness has to be attended to. Young farmers clubs can be formed to activate the interest of the rural youth both in Panchayati Raj Institutions and rural development.

(X.13)

115. The Yuvak Mandals should be given the status of an associate body in Panchayati Raj Institutions through suitable legislative measures.

(X.13)

116. Panchayati Raj Institutions have a motivational task in organizing Nehru Yuvak Kendras.

(X.14)

117. It would be advantageous to organise National Service Scheme camps through the Panchayats.

(X.15)

118. The role of voluntary agencies in mobilizing people's support for Panchayati Raj will be crucial. They should be

strengthened and encouraged to supplement the efforts of the Panchayati Raj Institutions. The motivational and promotional role of the Panchayati Raj Institutions should be clearly spelt to build up and facilitate the work of voluntary agencies and women's organisations.

(X.11, X.17)

119. Voluntary agencies with requisite expertise, proven standing and well-equipped organization can assist Panchayati Raj Institutions in the planning process. They can be involved in formulation of projects and schemes and to create strong public opinion in support of measures aimed at social change.

(X.18)

RELATIONSHIP WITH OTHER INSTITUTIONS

120. The Panchayati Raj Institutions are expected to take up the overall view of the economic and social well being of the people, while the cooperatives have to meet the economic requirements. The relationship between the Panchayati Raj Institutions and cooperatives has thus to be coordinate rather than of a subordinate character.

(XI.2, XI.3)

121. The pattern of functional relationship between the Panchayati Raj Institutions and the cooperatives will broadly be of five types:—

(i) Functions which could more appropriately and effectively be discharged by Cooperative Institutions.

(ii) Functions requiring concurrent and conjoint action of Panchayati Raj and Cooperative Institutions.

(iii) Cooperatives functioning as agents of Panchayati Raj Institutions.

(iv) Functions in respect of which Cooperatives require facilities from the Panchayati Raj Institutions.

(v) Where Cooperatives participate in functions which are essentially the responsibility of Panchayati Raj Institutions.

(XI.3.1, XI.3.2)

122. Panchayati Raj Institutions should undertake the promotional and coordination work like motivation and organisation of cooperatives. The regulatory functions in respect of cooperatives should be done by the cooperatives themselves.

(XI.4)

123. Representation from the cooperatives on the Panchayati Raj Institutions will be helpful in providing an institutional dialogue between the Panchayati Raj Institutions and the co-operatives. A reciprocity of representation of Panchayati Raj Institutions on the cooperatives does not appear to be necessary.

(XI.5)

124. Urban-rural relationship is to be viewed in the context of needs of a developing economy and the attendant processes of affording higher level of services and facilities. Integration of rural-urban areas in a balanced reciprocity of economic and social growth can be achieved by linking up the rural areas with urban focal points.

(XI.6)

125. With the existing small panchayats, in due course, giving place to larger Mandal Panchayats, the relationship between the Mandal Panchayats and small municipalities would become more purposive and meaningful; with some amount of equality, they can even enter into formal relationships for supplies and services.

(XI.8.1)

126. The merger of small municipalities with Mandal Panchayats would be desirable. The focal points and growth centres will facilitate this process.

(XI.8.2)

127. For purposes of composite planning, the District Plan should encompass the developmental aspects of urban areas and the civic aspects of rural areas.

(XI.8.3)

128. The representation of the municipalities in Zilla Parishad and other appropriate areas will strengthen the process of urban bodies integrating their work with that of the Mandal Panchayats.

(XI.8.4)

129. Smaller Municipalities should be treated at par with Mandal Panchayats for providing benefits flowing through various Special Agencies such as SFDA, MFAL etc. to the people living in these towns.

(XI.8.5)

130. Panchayati Raj Institutions can assist the Centre and State-sector corporations and boards established particularly for commercial activities with promotional and marketing com-

ponents. In this context, the role of Panchayati Raj Institutions would consist of creating the local organization and locating the area-wise specialities.

(XI.9)

131. Zila Parishad will be responsible for assessing the overall credit requirements and arranging for its inflow by localizing the needs and locating the areas. The lower tiers should follow this up.

(XI.10)

132. Mandal Panchayats should assist in the establishment of Regional Rural Banks by providing necessary infrastructure and also help the banks in verification procedures or in the analysis of the viability of loan proposals.

(XI.11)

ANNEXURE 1

(Para 1·5)

STATE-WISE COVERAGE OF PANCHAYATI RAJ INSTITUTIONS

Sl. No.	State/Union Territory	No. of Blocks in which delimited	No. of Gram Panchayats	Average No. of villages per Gram Panchayat	No. of villages covered by Panchayats	Population covered by Panchayats (in lakhs)	Remarks
1	2	3	4	5	6	7	8
1	Andhra Pradesh	324	16,045	1·82	29,131	368·00	
2	Assam	130	663	29·76	19,733	129·11	
3	Bihar	587	11,445	7·00	77,949	507·19	
4	Gujarat	218	12,663	1·48	18,697	195·35	
5	Haryana	87	5,165	1·33	6,690	82·64	
6	Himachal Pradesh	69	2,033	8·32	16,916	32·18	
7	Jammu & Kashmir	73	1,482	5·01	7,424	37·92	
8	Karnataka	175(a)	8,162	3·46	29,117	225·00	(a) Taluka Development Board.
9	Kerala	144	974	1·37	1,334	188·99	
10	Madhya Pradesh	458	15,274	4·70	71,787	331·04	
11	Maharashtra	343	23,930	1·46	35,778	351·22	Besides there are 949 Gram Sabhas in Bastar Distt. which cover 3757 villages and 14·59 lakh population.
12	Manipur	14	221	2·63	581	6·00	
13	Meghalaya	..	..	..	..	..	
14	Nagaland	..	..	..	..	..	
15	Orissa	314	3,830	13·28	50,854	201·20	

ANNEXURE 1 (Contd.)

Sl. No.	State/Union Territory	No. of Block in which delimited	No. of Gram Panhayats	Average No. of villages per Gram Panchayat	No. of villages covered by Panchayats	Population covered by Panchayats (in lakhs)	Remarks
1	2	3	4	5	6	7	8
16	Punjab	118	9,432	1·29	12,188	103·34	
17	Rajasthan	232	7,297	4·91	35,795	212·00	
18	Sikkim	..	215	1·88	405	1·90	
19	Tamil Nadu	374	12,628	1·32	16,621	321·00	
20	Tripura	17	689	1·26	871	14·00	
21	Uttar Pradesh	876	72,853	1·55	1,12,624	759·53	
22	West Bengal	325	19,662	2·1	41,392	328·68	
	Union Territories						
23	Andaman & Nicobar Islands	5	38	4·28	163	0·60	
24	Arunachal Pradesh.	43	701	3·96	2,776	4·10	
25	Chandigarh	1	22	1·00	22	0·24	
26	Dadra & Nagar Haveli	2	10	7·20	72	0·74	
27	Delhi	5	204	1·26	258	4·19	
28	Goa, Daman & Diu	12	194	2·30	448	6·40	
29	Lakshadweep	4	..	..	..	..	There is no P.R. set up.
30	Mizoram	20	..	..	..	..	Do.
31	Pondicherry	4	..	..	..	..	Only Commune Panchayats are functioning.
	All India.	4,974	2,25,832	..	5,89,626	4412·56	

ANNEXURE 1 (Contd.)

(Para 1.5)

STATE-WISE COVERAGE OF PANCHAYATI RAJ INSTITUTIONS

Sl. No.	State/Union Territory	No. of Districts	No. of Pancayat Samitis	No. of Zilla Praishads	Average No. of Panchayat Samitis per Zilla Parishad	Remarks
1	2	3	4	5	6	7
1	Andhra Pradesh . . .	21	324	21	15	
2	Assam	10	..	20@	..	@Mohkuma Parishad.
3	Bihar	31	214	8	27	
4	Gujarat	19	182	19	10	
5	Haryana	11	87	..	..	
6	Himachal Pradesh	12	69	12	6	
7	Jammu & Kashmir . . .	10	..	..	..	
8	Karnataka	19	175(b)	19	9	(b) Distt. Development Council.
9	Kerala	11	..	..	..	
10	Madhya Pradesh	45	390	..	..	
11	Maharashtra	26	296	25	12	Besides there are 949 Gram Sabhas in Bastar Distt. which cover 3757 villages and 14·59 lakh population.
12	Manipur	6	..	..	..	
13	Meghalaya	5*	..	..	..	*There is do Panchayati Raj set up.
14	Nagaland	7*	..	..	..	*Do-
15	Orissa	13	314	..	..	

ANNEXURE 1 (Contd.)

Sl. No.	State/Union Territory	No. of Districts	No. of Panchayat Samitis	No. of Zilla Parishads	Average No. of Panchayat Samitis per Zilla Parishad	Remarks
1	2	3	4	5	6	7
16	Punjab	12	117	12	10	
17	Rajasthan	26	232	26	9	
18	Sikkim	4	..	..	..	
19	Tamil Nadu	15	374	24@	16	@Distt. Development Council.
20	Tripura	3	..	..	..	
21	Uttar Pradesh	56	876	55	16	
22	West Bengal	15	325	15	22	
	Union Territories					
23	Andaman & Nicobar Islands	2	..	..	..	
24	Arunachal Pradesh	5	45	5	9	
25	Chandigarh	1	1	1	1	
26	Dadra & Nagar Haveli	2	1@	..	..	@Varishtha Panchayat.
27	Delhi	1	..	..	..	
28	Goa, Daman & Diu	3	..	..	..	There is no P.S./Z.P.
29	Lakshadweep	1	..	..	..	There is no P.R. set up.
30	Mizoram	3	..	..	..	There is no P.R. set up.
31	Pondicherry	4	11	..	..	Only Commune Panchayats are functioning.
	All India	399	4033	262	15	

ANNEXURE 2

(Para III.6)

Towards Roots of Democracy

Dynamics of rural reconstruction and the growth of our democratic institutions will draw enduring strength and sustenance largely from the purposeful participation of the people through habits and institutions of self-government at the grass-roots. That was the underlying premise and promise of the Directive Principle enshrined in Article 40 of the Constitution. It was the hope and the faith of the nation when Panchayati Raj movement was launched some two decades back that genuine authority, resources and responsibilities vested in those self-governing institutions will make them bulwarks of democracy and nurseries of public leadership and civic concern.

Panchayati Raj Institutions have yet to fulfil their promise and to translate that faith into a living and pulsating reality so that people's power is harnessed from the Gram Sabha to the Lok Sabha in a steady progression. The inadequacies of the Panchayati Raj movement flow from lack of confidence in the system, emaciated by scanty resources and meagre responsibilities. These institutions have suffered a serious set-back in the absence of regular elections and due to perfunctory audit. What is more, there has been an allergy to sharing authority with these nascent institutions both at official and political levels.

It is the general consensus amongst those who have faith in democracy and in the common people of India that the time is now ripe for working out the mandate of Article 40 of the Constitution. We are of the considered view that Panchayati Raj Institutions should be reconstructed, reinforced and revitalised as an organic integral part of our democratic process and that they should be accorded appropriate constitutional status and recognition. The annexed Draft Constitution Amendment Bill we have prepared is an attempt in that direction and we strongly commend it to the people, the Parliament, the State Legislatures and the Governments at the Centre and in the States.

Sd/- S. M. Joshi

Sd/- Mrinal Gore

Sd/- Nanaji Deshmukh
Sd/- Indu Bhai Patel
Sd/- Era Sezhyan
Sd/- R. K. Hegde
Sd/- S. K. Dey
Sd/- Dr. L. M. Singhvi
Sd/- Rabi Ray
Sd/- Bijay Singh Nahar
Sd/- Surendra Mohan
Sd/- Madhu Limaye
Sd/- T. Viswanathan
Sd/- Virendra Patil
Sd/- Ram Niwas Mirdha
Sd/- Dr. J. N. Khosla
Sd/- B. G. Verghese
Sd/- Dr. Amrik Singh Cheema
Sd/- E. M. S. Namboodiripad*
Sd/- V. B. Raju
Sd/- R. C. S. Sarkar

*Supports proposal without commitment to the phraseology.

THE CONSTITUTION (FORTY-THIRD AMENDMENT) BILL, 1977

A

BILL

further to amend the Constitution of India

Be it enacted by Parliament in the twenty-eigth year of the Republic of India as follows:

1. This Act may be called the Constitution (Forty-third Amendment) Act, 1977.

2. After Part VIII of the Constitution, the following Part shall be inserted, namely:

PART IX

Local Government

(Panchayati-Raj)

243. Definition. In this Part—

"Council" means a village panchayat, a district council and includes a regional council, where such council is constituted.

243-A. Organisation of Village Panchayats

In every State, the State Government shall, by public notification, divide each district in that State into as many units of self-government as the State Government may think fit for the purpose of organizing village panchayats.

243-B. Establishment of Councils

(1) In every State, there shall be established—

(a) a village panchayat for each unit of self-government constituted under article 243A; and

(b) a district council (by whatever name called), for each District.

(2) Without prejudice to the provisions of clause (1), a State Government may constitute regional councils (by whatever name called), each such council comprising such number of village panchayats within a district as it thinks fit.

243-C. Composition of Councils and elections thereto

(1) The State Government shall make a law to give effect to the provisions of this Part.

(2) Each Council shall consist of such number of elected members as may be specified in the law made under clause (1).

(3) The members of the Council shall hold office for a term of four years from the date appointed for the first meeting of the Council after general elections to the Council.

(4) Each such council shall be a body corporate by the name of (name of the council) and shall have perpetual succession and a common seal and shall by the said name sue and be sued.

(5) The State Government may make rules to provide for—

(a) the machinery, in consultation with the Chief Election Commissioner, for the superintendence, direction and control of the preparation of electoral rolls for, and the conduct of all elections to the Councils;

(b) the delimitation of territorial constituencies for the purpose of elections to the Councils;

(c) the qualifications for votingate such elections and the preparation of electoral rolls therefor;

(d) the qualifications for being elected at such election as members of the council;

(e) the conduct of its meeting and its procedure in general; and

(f) all other incidental matters.

243-D. Powers and functions of Councils

(1) The Councils shall perform such executive and administrative functions within their respective territorial jurisdiction as the State Government may, by law, confer on them including functions relating to—

(i) the promotion of economic and social development; and

(ii) implementation of plans relating to economic and social development made by the Central Government or State Government.

(2) The State Government shall, with a view to decentralise its powers, endeavour to devolve progressively greater powers and responsibilities on the councils to enable them to function effectively as institutions of self-government.

243-E. Power to impose taxes & funds of the Councils.

(1) The State Government may, by law, authorise a council to levy and collect in accordance with prescribed procedure such taxes and fees as the State Government thinks appropriate.

(2) The State Government may also, by law, assign to a Council such duties and taxes levied and collected by it, for such purposes and subject to such conditions as may be specified in the law, and may also make grants-in-aid to such Council.

(3) There shall be constituted for each village panchayat a Panchayat Fund, for each district council a District Fund and for each regional council, if any, a Regional Fund to which shall be credited all moneys received respectively by the village panchayat, district council and regional council.

(4) The State Government may make rules for the management of such funds and for the procedure to be followed in respect of payment of money into the said Funds, the withdrawal of moneys therefrom, the custody of money therein and any other matter connected with or ancillary to the matter aforesaid.

(5) The Accounts of the Councils shall be kept in such form as the State Government may prescribe.

(6) The Comptroller & Auditor General shall cause the accounts of the Councils to be audited in such

manner as he thinks fit and the reports of the Comptroller and Auditor General shall be submitted to the Governor who shall cause them to be laid before the legislature of the State.

(1) The State Government shall within two years from the commencement of this Part and thereafter at the expiration of every fifth year appoint a Commission to review the financial position of Councils and make recommendations to enable such councils to function effectively as units of local self-government. 243-F.

(2) The Governor shall cause the report of the Commission to be laid before the legislature of the State together with an explanatory Memorandum as to the action taken thereon.

243 G. Administration of Justice

(1) In respect of areas within the jurisdiction of one or more village panchayats, the State Government may, by law, provide for the constitution of Courts or Nyaya-Panchayats for trial of suits and cases between the parties all of whom are resident within those areas.

(2) The State Government may make rules regulating—

(a) the constitution of such courts and the powers to be exercised by them;

(b) the procedure to be followed by such courts in the trial of suits and cases;

(c) the enforcement of decisions and orders of such courts; and

(d) any other matter connected with or incidental to the matters aforesaid.

243 H. Suspension and dissolution of councils

(1) If at any time the Governor of a State is satisfied that any council in that State is not functioning in accordance with law or is grossly abusing its powers or is functioning in a manner which is detrimental to public interests, he may by order, suspend or dissolve the council and appoint an administrator to exercise the powers vested in the council.

(2) Every order made under clause (1) together with reasons therefor shall be laid before the legislature of the State and shall cease to operate at the expiration of six weeks from the reassembly of the Legislative Assembly of the State, unless before the

expiration of that period, it has been approved by a resolution of the State Legislative Assembly.

(3) An order made under clause (1) may be withdrawn at any time by the Governor.

(4) An order so approved under clause (2) shall unless revoked, cease to operate at the expiration of six months from the date of passing the resolution approving the order under clause (2) and an election to constitute the Council shall be completed before expiration of the said period.

ANNEXURE 3

(Para IV. 1)

PANCHAYATI RAJ STRUCTURE IN DIFFERENT STATES

State	Bottom Tier		Intermediate Tier		Top Tier	
	Level	Body	Level	Body	Level	Body
Andhra Pradesh	Village or group of villages	Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Assam	Do.	Gram Panchayat		(Abolished)	Sub-Division	Mohkuma Parishad
Bihar	Do.	Executive Committee of Gram Panchayat	Block	Panchayat Samiti	Revenue-District	Zilla Parishad (in 8 districts only)
Gujarat	Do.	Gram/Nagar Panchayat	Taluk	Taluk Panchayat	Do.	District Panchayat
Haryana	Do.	Gram Panchayat	Block	Panchayat Samiti	..	..
Himachal Pradesh	Do.	Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
J. & K.	Do.	Gram Panchayat	Block	Block Panchayat Board	..	..
Karnataka	Do.	Village / Town Panchayat	Taluk	Taluk Development Board	Revenue District	District Development Council.
Kerala	Do.	Panchayat	..	..	..	..
Madhya Pradesh	Do.	Gram Panchayat	Block	Janapada Panchayat	..	..
Maharashtra	Do.	Gram Panchayat	Taluk/Block	Panchayat Samiti	Revenue District	Zilla Parishad

ANNEXURE 3 (Contd.)

State	Bottom Tier		Intermediate Tier		Top Tier	
	Level	Body	Level	Body	Level	Body
Manipur . . .	Do.	Gram Panchayat	..	..	..	..
Orissa . . .	Do.	Gram Panchayat	Block	Panchayat Samiti	(Abolished in Nov. 1968)	
Punjab . . .	Do.	Gram Panchayat	Block	Panchayat Samiti	Revenue District	Zilla Parishad
Rajasthan . .	Do.	Panchayat	Block	Panchayat Samiti	Do.	Zilla Parishad
Tamil Nadu . .	Do.	Village/Town Panchayat	Block	Panchayat Union/ Council	Development District	District Development Council
Tripura . . .	Do.	Gaon Panchayat	..	..	..	..
Uttar Pradesh . .	Do.	Gram Panchayat	Block	Kshetra Samiti	Revenue District	Zilla Parishad
West Bengal . .	Do.	Gram Panchayat	Block	Panchayat Samiti	Do.	Zilla Parishad

ANNEXURE 3-A

(Para IV.1.)

STRUCTURE OF PANCHAYAT SAMITIS AND ZILLA PARISHAD (STATE ACTS)

State	Panchayat Samitis				Zilla Parishad			
	Composition	Reservation			Composition	Reservation		
		Women	SC/ST	Others		Women	SC/ST	Others
1	2	3	4	5	6	7	8	9
Andhra Pradesh	(i) Sarpanches of all Panchayats and Town Committees in the block. (ii) Local MLAs and MLCs with right to vote but not to hold office. (iii) One person each nominated by District Collector for the units, where Panchayats do not exist.	2	One each	2 persons interested in in rural development.	1. Presidents of all Panchayat Samitis. 2. District Collector. 3. Local MPs, MLAs & MLCs as associate members.	2	1 each	2 persons interested in rural development.
Assam (Mohkuma Parishad at sub-division level)	..	.	..	..	1. One Councillor of the Mohkuma Parishad to be elected by the voters of Gram-Panchayat from amongst themselves.	1	1 each	..

ANNEXURE 3-A (Contd.)

1	2	3	4	5	6	7	8	9
					2. One represantative each (not being the member of the State Legislature or Parliament) from the Municipality, Town Committee, Elementary Education and the Central Coop. Bank. 3. Such other Govt. Officers as ex-officio Councillors as the State Govt. may appoint them from time to time. The Govt. also nominates Councillors from Tea Garden Areas.			
Bihar	1. Mukhiyas from Gram Panchayats in the block. 2. Chairman of Municipalities and Vice-Chairman of Notified Area Committees. 3. Presidents of the Union Boards. (Deleted by amendment). 4. Three representatives of the co-operative societies.	2	2 each	(1) 2 persons other than SC/ST. (2) 2 persons residing in the block having experience in admn., public life and rural development.	1. All Pramukhs of Panchayat Samitis. 2. Local MPs & MLCs as associate members. 3. Three persons elected by electoral college of members of the Municipalities and Notified Area Committees. 4. Two persons elected by the electoral college of members of Managing Committee of Central Cooperative Banks.	2	1 each	..

	5. One representative of Cane Growers' Society. 6. One representative of Coop. Societies other than Cane Growers' and multi-purpose societies etc. 7. Local MPs and MLAs & MLCs as associate members.							
Gujarat (Taluk Panchayat and Distt. Panchayat)	1. 15—31 members from amongst the qualified voters of Taluk Panchayat. 2. Members elected by the Sarpanches of all Gram Panchayats (About 1/3rd of total members at 1 above.) 3. A representative each from Distt. Coop. Union, Distt. Coop. Bank, Taluka Coop. Purchase & Sale Union, Agricultural Marketing Produce Committee. 4. Local MLAs, President of Municipalities, Local members of District Panchayat and Mamlatdar or Mahalbari as associate members.	2-3	[According to the proportion of population.	..	1. President (in his absence Vice-President) of Taluka Panchayat. 2. 31—51 members elected from amongst qualified voters representing Taluk Panchayat. 3. Local MPs, MLAs, President of Municipalities. D.C. as associate members. 4. One representative each of Distt. Coop. Union/Distt. Coop. Bank Distt. Coop. Purchase and Sale Union.	3—5	According to the proportion of population.	..

ANNEXURE 3-A (Contd.)

1	2	3	4	5	6	7	8	9
Haryana	1. 16 members elected by Panches/Sarpanches in the Block. 2. Two members representing Cooperative Societies. 3. One Member representing Market Committees in the Block. 4. Sub-Divisional Officer BDO and Panchayat Officer, Ex-officio Member. 5. MLAs as associate members.	2	4	..	..	..	..	..
Himachal Pradesh	1. Upto 20 members from the block by the Panches, Up Pradhans and Pradhans of Gram Panchayats from amongst themselves. 2. MLAs as associate members. 3. Sub-Divisional Officer as ex-officio member. 4. 2 members from the Coop. Society.	2	4	—	1. One representative of every Panchayat Samiti. 2. Chairman of every Panchayat Samiti. 3. MP, MLA, MLCs. 4. Deputy Commissioner.	2	..	..

	..	..	..	..	..	..	..	..
Kerala	..	..	..	..	..	..	..	..
Karnataka	1. 15—19 members directly elected by the secret ballot by the electorate of the Taluka.	2	In proportion of their population.	..	1. Dy. Commissioner (as President)	1	1	—
	2. Local MLAs. and MLCs.				2. Local MPs, MLAs & MLCs (with right to vote).			..
					3. Presidents of Taluka Boards.			..
					4. Such officers (not more than 15) nominated by Government.			..
Madhya Pradesh (Janpada Panchayat) (Zilla Parishads do not exist).	1. 15-30 members elected by the Panchas of Gram Panchayat.	2	1 each for SC/ST	..	..	..	..	..
	2. One Councillor representing Municipal Corp., Council/or Notified Area Committee in the Block.							..
	3. Local MLAs as associate members.							..
	4. One representative of Coop. institutions.							..
Maharashtra	1. Directly elected Councillor of Zilla Parishad from electoral divisions in the Blocks and Coopted Councillors to the Zilla Parishad.	1	1—2	..	1. 40—60 councillors directly elected from electoral divisions in the District.	2	According to the proportion of population.	..

ANNEXURE 3-A (Contd.)

1	2	3	4	5	6	7	8	9
	2. Members elected by direct election from electoral colleges in the Block.				2. The Chairman of Panchayat Samitis as ex-officio member.			
	3. Chairman of a Cooperative Society conducting purchase and sale of agriculture produce.				3. Chairman of 5 Federal Coop. Societies dealing with credit, land development, marketing, industries and coop. training and education as Associate Councillors.			
	4. Chairman of Coop. Society conducting business relating to Agriculture.							
(Orissa Zilla Parishad abolished since Nov., 1968).	1. Sarpanches of all Panchayats 2. Chairman of Municipality and Notified Area Council.	1	1 each	..	..	..	..	..
	3. BDO and one officer from each of the Development and Revenue Departments.							
Punjab	1. 16 members elected by Panches. 2. Local MLAs and MLCs as associate members.	2	4	1 belonging to backward classes.	1. 3 members from Panchayat and coopted members of panchayat samitis at District level.	4	One each from Panchayat Samiti.	2 belonging to backward class.

	3. SDO/BDO as ex-officio member.				2. Chairman of all Panchayat Samitis.			
	4. 2 members representing Coop. Societies and one member representing market committees.				3. Dy. Commissioner as associate member.			
					4. Local MPs MLAs and MLCs. as associate members.			
Rajasthan	1. Sarpanches of all Panchayats.	2	2 each	..	1. Pradhan of all Panchayat Samitis.	2	1 each	..
	2. Local MLAs with right to vote but not to hold office.				2. Local MPs. and MLAs with right to vote and hold office.			
	3. SDO as associate member				3. District Development Officer as associate member.			
	4. *Elected Members* One or more members from the Presidents of all the Gram Sabhas according to population.				4. President of Central Coop. Bank as associate member.			
	5. One representative each elected by the Chairmen of the : (i) Service Coop. Societies ; (ii) Coop. Societies other than Service Cooperative Societies (iii) Marketing cooperatives societies (as associate members).				5. Chairman of the District Cooperative as associate member. 6. Pramukh, who is otherwise not a member of Zilla Parishad (as additional member)			

ANNEXURE 3-A (Concld.)

1	2	3	4	5	6	7	8	9
Tamil Nadu	1. President of every Panchayat and non-official member of each township. 2. Local MLAs, MLCs in the area as associate members.	3	3 SC/ST.		1. District Collector (as Chairman). 2. Local MPs & MLAs and MLCs with right to vote. 3. Chairman of Panchayat Unions and Municipal Councils. 4. Presidents of Coop. Central Banks. 5. Such officers connected with planning and development as nominated by Government.	..	..	..
Uttar Pradesh	1. Pradhans of Gaon Sabhas. 2. Chairman of Town Area and Notified Area Committee. 3. 2-5 representative of Cooperative Societies. 4. Local MPs, MLAs and MLCs with right to vote but not to hold office	5	8	2 persons interested in planning and development.	1. Pramukhs of Kshetra Samitis. 2. Members to be chosen by each Kshetra Samiti from amongst its members as specified by the Govt. 3. Presidents of Municipal Boards. 4. Chairman/Administrator of a cooperative Bank/District Cooperative Banks.	3—5	3—10 S.Cs.	..

					5. A representative from each of the (i) District Cooperative Federation to be chosen by the Board of Directors from amongst the members of the board; (ii) Cooperative Society; (iii) Cane Unions.			
					6. Persons upto 3 to be chosen by the State Government from those engaged in social, cultural and literacy activities.			
					7. All local MPs MLAs and MLCs, with right to vote but not to hold office.			
West Bengal	1. Not more than 3 persons to be elected from each Gram within the Block on the basis of population.	2	2	—	1. Sabhapattis of Panchayat Samitis within the district;	2	2	..
	2. Pradhans of all Gram Panchayats within the block.				2. Two persons elected from each Block within the District;			
	3. MPs, MLAs, wtih right to vote but not to hold office.				3. MPs, M.L.As with right to vote but not to hold office.			

ANNEXURE 3-B

(Para IV.1)

STRUCTURE OF PANCHAYATI RAJ INSTITUTIONS—GRAM PANCHAYATS (STATE ACT)

State	Tiers	Terms (Years)	Strength of Gram Panchayats	No. of seats reserved			Mode of Election		
				Women	Scheduled Castes/ Scheduled Tribes	Other	Panches	Sarpanches	Up Sarpanches
1	2	3	4	5	6	7	8	9	10
1. Andhra Pradesh	3	5	7—19	2—4	According to proportion of SC/ST population.	..	Secret Ballot.	Directly by the members of the Gram Sabha.	By Panches.
2. Assam	2	4	Upto 15	2	One each if their population is 5% or more.	..	Secret Ballot.	Do.	By Panches.
3. Bihar	3	3	9	..	According to proportion of SC/ST population.	..	4 Panches elected by adults of Gram Panchayat through secret ballot and 5 are nominated.	Do.	By Panches.
4. Gujarat	3	5	7—15	2	1 seat or more according to the proportion of the population.	..	Secret ballot by all the adults.	Do.	By Panches.

5. Haryana .	2	5 (GP) 3 (PS)	5—9	1	1-2 according to the proportion of population.	..	Secret ballot by all the adults	Directly by the mempers of the Gram Sabha.	..
6. Himachal Pradesh	3	5	7—11	1-2	1—2	..	Do.	Direct Election.	Direct Election.
7. Jammu and Kashmir.	2	5	7—11	1	—	—	By show of hands.	By the Panches from amongst themselves.	..
8. Kerala .	1	5	8—15	1	1 if the proportion of SC/ST is 5% more.	..	Secret Ballot	By the Panches from amongst themselves.	By Panches.
9. Karnataka .	3	4	11—19	1-2	According to proportion of population.	..	Do.	Do.	Do.
10. Madhya Pradesh	2	5	10—25	2	One or more according to the proportion of SC/ST population.	..	Do.	Direct Election.	Direct Election.
11. Maharashtra .	3	5 (GP) 6 (PS & ZP)	7—15	2	According to the proportion of their population, as decided by Collector.	..	Do.	By Panches	By Panches
12. Orissa .	2	3 (GP) 5 (PS)	11—25	..	According to the population.	..	Do.	Direct Election.	Do.
13. Punjab .	3	5	5—11	2	1-2 according to proportion of population.	..	Do.	By Panches	..
14. Rajasthan .	3	5	5—20	2	1 each	..	Secret Ballot	Direct Election	By Panches

ANNEXURE 3-B (Contd.)

1	2	3	4	5	6	7	8	9	10
15. Tamil Nadu .	3	5	5—15	1	Upto 3 according to proportion of population.	..	Secret Ballot	By Panches from amongst themselves.	By Panches
16. Uttar Pradesh .	3	5	7—15	.	According to the proportion of population.	..	Do.	Directly by the voters of Gram Sabha.	By Panches
17. West Bengal .	3	4	7—25	2	2	..	Do.	By Panches	By Panches

GP — Gram Panchayat
PS — Panchayat Samiti
ZP — Zilla Parishad

ANNEXURE 4

(Para IV· 4·2)

STATE-WISE TOTAL VILLAGES CLASSIFIED ACCORDING TO THEIR POPULATION (1971 CENSUS)

States/Union Territories	Total No. of Inhabited Villages	Rural Population (millions)	Less than 200	200—499	500—999	1000—1999	2000—4999	5000—9999	10,000+
1	2	3	4	5	6	7	8	9	10
India .	575936 (100)	438·9	159072 (26·0)	168561 (29·3)	132990 (23·1)	81973 (14·2)	36005 (6·3)	4974 (0·9)	1358 (0·2)
	Cumulative population (M) Cumulative percentage		114·1M (26·0)	242·7M (55·3)	344·1M (78·4)	406·4M (92·6)	434·1M (98·0)	438.0M (99·8)	438·9M (100·0)
1. Andhra Pradesh	27221 (100)	35·1	5352 (19·6)	4383 (16·1)	5438 (19·9)	6411 (23·6)	4833 (17·7)	724 (2·8)	80 (0·3)
2. Assam .	22224 (100)	13·3	5615 (25·3)	6744 (30·3)	5986 (26.9)	3061 (13·8)	788 (3·6)	29 (0·1)	1 (Neg.)
3. Bihar .	67566 (100)	50·7	17440 (25·8)	20483 (30·3)	15232 (22·6)	9313 (13·8)	4337 (6·4)	675 (1·0)	86 (0·1)
4. Gujarat .	18275 (100)	19·2	2054 (11·2)	4351 (23·8)	5242 (28·7)	4395 (24·0)	1968 (10·8)	248 (1·3)	17 (0·1)
5. Haryana .	6731 (100)	8·3	618 (9·2)	1400 (20·8)	1909 (28·4)	1673 (24·8)	975 (14·6)	148 (2·2)	8 (0·1)
6. Himachal Pradesh	16916 (100)	3·2	1202 (71·2)	3723 (22·0)	861 (5·1)	260 (1·5)	50 (0·2)	2 (neg.)	..
7. Jammu & Kashmir	6503 (100)	3·8	1748 (26·9)	2200 (33·8)	1556 (23·9)	764 (11·7)	226 (3·6)	9 (0·1)	..

M—millions

ANNEXURE 4 (Contd.)

1	2	3	4	5	6	7	8	9	10
8. Kerala .	1268 (100)	17·9	2 (0·1)	2 (0·1)	2 (0·1)	16 (1·4)	122 (9·6)	316 (24·9)	808 (63·8)
9. Madhya Pradesh	70883 (100)	34·9	19754 (27·9)	27276 (38·5)	16516 (23·3)	5952 (8·4)	1292 (1·8)	87 (0·1)	6 (neg.)
10. Maharashtra .	35778 (100)	34•7	5053 (14·1)	9088 (25·4)	10529 (29·4)	7439 (20·8)	3102 (8·7)	492 (1·4)	75 (0·2)
11. Manipur .	1949 (100)	0•9	974 (50·0)	476 (24·4)	237 (12·1)	172 (8·8)	79 (4·1)	8 (0.4)	--
12. Meghalaya .	4583 (100)	0•9	3192 (69·6)	1093 (23·8)	237 (5·2)	54 (1·2)	7 (0·2)	..	..
13. Mysore (Karnataka)	26826 (100)	22•2	4939 (18·4)	7974 (29·7)	7082 (26·4)	4556 (17·0)	2014 (7·5)	252 (0·9)	9 (neg.)
14. Nagaland .	960 (100)	0·5	334 (34·8)	325 (33·8)	169 (17·6)	114 (11·9)	17 (1·8)	1 (0·1)	..
15. Orissa .	46992 (100)	20·1	18548 (39.5)	15223 (32·3)	8821 (18·8)	3546 (7·5)	830 (1·8)	22 (0.1)	2 (neg.)
16. Punjab .	12188 (100)	10.3	1887 (15·5)	3311 (27·2)	3577 (29·4)	2392 (19.6)	940 (7·7)	79 (0·7)	2 (neg.)
17. Rajasthan .	33305 (100)	21.2	8771 (26·3)	11010 (33·1)	7817 (23·5)	4008 (12·0)	1524 (4·6)	165 (0·5)	10 (neg.)
18. Sikkim	215 (100)	..	..	31 (14·4)	114 (53·0)	63 (29·3)	7 (24·8)	..	..

19. Tamil Nadu .	15735 (100)	28·7	988 (6·3)	1981 (12·6)	3425 (21·8)	4547 (28·9)	3902 (24·8)	752 (4·8)	140 (0·9)
20. Tripura .	4727 (100)	1·4	2995 (63·4)	963 (20·5)	473 (10·0)	222 (4·7)	65 (1·4)	3 (0·1)	..
21. Uttar Pradesh .	112561 (100)	76·0	27356 (24·3)	34856 (31·0)	28295 (25·1)	16081 (14·3)	5400 (4·8)	515 (0·5)	58 (0·1)
22. West Bengal .	38074 (100)	33·3	7604 (20·0)	10957 (28·8)	9085 (23·9)	6622 (17·4)	3342 (8·8)	412 (1·1)	52 (0·1)
Union Territories									
1. Andaman & Nicobar Islands	390 (100)		266 (68·2)	72 (18·5)	32 (8·2)	19 (4·9)	1 (0·3)	..	..
2. Arunachal Pradesh	2973 (100)		2405 (80·9)	413 (13·9)	107 (3·6)	38 (1·3)	10 (0·3)	..	..
3. Chandigarh .	26 (100)		3 (11·5)	5 (19·2)	10 38·5)	7 (26·9)	..	1 (3·9)	..
4. Dadra & Nagar Haveli	72 (100)		3 (4·2)	20 (27·8)	18 (25·0)	26 (36·1)	5 (6·9)	..	..
5. Delhi .	243 (100)	2.3	20 (8·2)	23 (9·5)	53 (21·8)	79 (32·5)	60 (24·7)	6 (2·5)	2 (0·8)
6. Goa, Daman and Diu	409 (100)		66 (16·1)	74 (18·1)	82 (20·1)	85 (20·8)	77 (18·8)	23 (5·6)	2 (0·5)
7. Lakshadweep Islands	10 (100)		1 (10·0)	..	..	1 (10·0)	6 (60·0)	2 (20·0)	..
8. Pondicherry .	333 (100)		64 (19·2)	98 (29·4)	85 (25·5)	57 (17·1)	26 (7·8)	3 (0·9)	..

ANNEXURE 5

(Para IV 7·3)

Tehsils/Blocks with Strong Traditional Organisations

Madhya Pradesh

1. Dindori	Mandla District
2. Pushprajgarh	Sahdol District
3. Korea	Sarguja District
4. Jaspurnagar	Raigarh District
5. Narayanpur	Bastar District
6. Kondegaon	Bastar District
7. Dantewada	Bastar District
8. Konda	Bastar District
9. Beejapur	Bastar District

Maharashtra

1. Sironcha	Chandrapur District

Gujarat

1. Dangs

Himachal Pradesh

1. Spiti	Lahaul & Spiti District
2. Pangi	Chamba District

Kerala

1. Attapadi	Palghat District

Orissa

1. Bhuianpir-Jhanghirh . . .	Keonjhar District
2. Malkangiri . . .	Koraput District
3. Gunpur	Koraput District
4. G. Udaigiri . . .	Phulbani District
5. Parlakmandi	Ganjam District
6. Karanjia	Mayurbhanj District

Tamil Nadu

1. Kalrayan Hills . . .	South Arcot District

A. and N. Islands

1. Nicobar Islands

ANNEXURE 6

(Para IV.9)

Election Procedures in the States

States	Composition/Election Procedure	Reservation & Cooption			Term	Remarks
		Women	SC/ST	Others		
1	2	3	4	5	6	7
ANDHRA PRADESH						
I. Gram Panchayat .	7-19 members directly elected by the voters in the village. The Sarpanch is elected directly and Up-sarpanch is elected from amongst the members of the Gram Panchayat.	2—4	According to population	..	5 years	
II. Panchayat Samiti . .	1. Sarpanches of all panchayats and Town Committees in the Block.					
	2. Local MLAs, MLCs with right to vote, but not to hold office.					
	3. One person nominated by the District Collector for every unit for which the Panchayat or Town Committee has not been constituted or no President or Sarpanch has been elected.	2	One each from SC/ST	2 persons interested in Rural Development	5 years	
III. Zilla Parishad . .	1. President of all the Panchayat Samitis in the district (ex-officio members).	2	One each from SC/ST	2 persons interested in Rural Development.	5 years	
	2 District Collector					
	3. Local M.Ps., MLAs, and MLCs with right to vote, but not to hold office.					

ANNEXURE 6 (Contd.)

1	2	3	4	5	6	7
ASSAM						
I. Gaon Panchayat . . .	Upto 15 members to be elected by the voters. The President is elected directly and Vice President by Panches from amongst themselves.	2	One each from SC/ST if their population is more than 5%.	1 Representative of Coop. Societies and Tea Gardens.	4 years	
II. Mohkuma Parishad (at Sub-Divisional level).	1. One councillor of the Mohkuma Parishad to be elected by the voters of a Gaon Panchayat from amongst themselves.	1	One each from SC/ST if population is more than 5%.	..	4 years	
	2. One representative each (not being a member of the State Legislature or Parliament), from the Municipality, Town Committee, Elementary Education and the Central Cooperative Bank.					
	3. Such other Govt. Officers as ex-officio councillors as the State Government may appoint them from time to time, Councillors from Tea Gardens areas are also nominated.					
BIHAR						
I. Gram Panchayat . .	9 members, of whom 4 persons are elected by adults of Gram Pancnayat through secret ballot and five persons are nominated. The Mukhiya, who is the executive head is directly elected.	..	According to the proportion of population.	..	3 years	

II. *Panchayat Samitis*	1. Mukhiyas of Gram Panchayats in the block. 2. Chairman of Municipalities and the Vice-Chairman of Notified Area Committees. 3. The Presidents of the Union Boards constituted in the Blocks, if any. [Since deleted by an amendment. See amendment 4(b)].	2	2 each if population exceeds 10%	(1) 2 persons other than SC/ST (2) 2 persons residing in Block with experience in admn. etc.	3 yrs.
	4. Three representatives of the co-operative societies.				
	5. One member of the managing committee of Central Coop. Bank.				
	6. Local M.P., MLAs, and MLCs with- no right to vote.				
III. *Zilla Parishads**(Zilla Parishad are existing in 8 out of 31 districts).	1. All Pramukhs of Panchayat Samities.				
	2. Local M.Ps., MLAs, & MLCs with right to vote but not to hold office.				
	3. 3 persons elected by electoral college of members of Municipalities and Notified Area Committee.	2	one person each from SC/ST.	1 person nominated by Karya Samiti of Bihar State Panchayat Parishad.	3 years
	4. 2 persons elected by electoral college of members of the managing committee of Central Cooperative Banks.				

ANNEXURE 6 (Contd.)

1	2	3	4	5	6	7
GUJARAT						
I. (i) Gram Panchayat	The Gram Panchayat consists of 7—15 members elected by the voters from single member wards. It has a Sarpanch elected by the voters of the Gram from amongst themselves and Up-Sarpanch elected by the members of the Gram Panchayat from amongst themselves.	2	At least 1 seat each and more depending upon the population of SC/ST.	..	5 years	
(ii) Nagar Panchayat	15—21 members elected by the qualified voters of the Nagar. The Chairman and Vice-Chairman will be elected by its members from amongst themselves.	2	1 each	..	5 years	
II. Taluk Panchayat	(i) 15—31 members from amongst the qualified voters of the Taluk Panchayat. (ii) Members elected by the Sarpanches of all Gram Panchayats (about 1/3) of total members at (i). (iii) Local MLAs, President of Municipalities, local members of District Panchayat (Associate Members) (iv) One representative each from Distt. Coop. Union, Distt. Coop. Bank, Taluk Coop. Purchase & Sale Union, Agri. Marketing Produce Committee. (v) Mamlatdar or Mahalkari of the Taluk or Mahal.	2-3	According to the proportion of their population.	..	5 yrs.	

III *District Panchayat*	1. President or Vice President of every Taluk Panchayat. 2. 31—51 members elected from amongst the qualified voters. 3. Local M.Ps., M.L.As. and Presidents of Municipalities and District Collector (Associate Members). 4. One representative each from Distt. Coop. Bank, Distt. Coop. Purchase and Sale Union.	3—5	According to the proportion of their population.	..	5 yrs.	..
HARYANA						
I. *Gram Panchayat*	5—9 members elected by the voters. The Sarpanch is elected direct by Gram Sabha.	1	1-2 (SC) according to proportion of population.	..	5 yrs.	..
II. *Panchayat Samitis*	1. 16 members elected by Panches/ Sarpanches in the Block. 2. Two members representing cooperative societies. 3. One member representing Market Committees in the Block. 4. M.L.As.—Associate members. 5. Sub-Divisional, Block Development and Panchayat Officer—Ex-officio Member.	2	4	..	3 yrs.	..
HIMACHAL PRADESH						
I. Gram Panchayat	7—11 members elected by the voters. The Pradhan and Up-Pradhan are elected directly by the members of the Gram Sabha.	1-2	1-2 SC	..	5 yrs.	..

ANNEXURE 6 (Contd.)

1	2	3	4	5	6	7
II. Panchayat Samiti . .	1. Upto 20 members to be elected from the block by the Panches, Up-Sarpanches, and Pradhans of Gram Panchayats from amongst themselves. 2. MPs, MLAs as associate Members. 3. Sub-divisional Officer as ex-officio member. 4. Two members representing Coop. Societies.	2	4	..	5 yrs.	..
III. Zilla Parishad .	1. One representative of every Panchayat Samiti. 2. The Chairman of every Panchayat samiti. 3. MPs, MLAs, MLCs. 4. Deputy Commissioner of the District.	2	2	..	5 yrs.	..
J. & K.						
I. *Village Fanchayat*	It will have 7—11 members elected by the voters. These members will elect Sarpanch from amongst its members.	1	..	..	5 yrs.	..
KERALA						
I. *Village Panchayat*	8—15 members elected by the people. The President and Vice-President will be elected by the members of Panchayat from amongst themselves.	1	1	..	5 yrs.	..

KARNATAKA						
I. *Gram Panchayat*	11-19 members elected by the voters. The Sarpanch is elected from amongst the members of the Gram Panchayat.	1-2	According to population.	..	4 yrs.	..
II. *Panchayat Samitis* (Taluk Development Boards)	1. 15-19 members directly elected by ballot by the electorate of the Taluk. 2. Local MLAs. and MLCs.	2	Do.	..	4 yrs.	..
III. *District Development Councils*.	1. Dy. Commissioner as President. 2. Local MPs, MLAs, and MLCs with right to vote. 3. President of Taluk Boards. 4. Such officers (not exceeding 15) nominated by the Government.	1	1	..	4 yrs.	..
MADHYA PRADESH						
I. *Gram Panchayat* .	10-20 members elected by the members of Gram Sabha. The Sarpanch and Up-Sarpanch are elected directly by the Gram Sabha Members.	2	One each or more according to population.	..	5 yrs.	..
II. *Janpad Panchayat* .	1. 15-30 members elected by Panchas of Gram Panchayats. 2. 1 Councillor representing Municipal Corporation, Council or Notified Area Committee. 3. Local MLAs with no right to vote.	2	1 each for SC/ST	..	5 yrs.	..

ANNEXURE 6 (Contd.)

1	2	3	4	5	6	7
	4. One representative of Coop.					
MAHARASHTRA						
I. *Village Panchayat*	1. 7-15 members are elected by the voter by secret ballot. The Sarpanch and Up-Sarpanch are elected by the Panchas from amongst themselves.	2	According to proportion of their population	..	5 yrs.	..
	2. Chairman of Coop-Societies as associate members.					
II. *Panchayat Samitis*	1. All Councillors elected to Zilla Parishad directly from the electoral divisions in the Block and coopted councillors, if any.	1	1-2	..	6 yrs.	..
	2. Members elected by direct election from electoral colleges in the Block.					
	3. Chairman of Cooperative Societies dealing with agriculture, etc.					
III. *Zilla Parishad*	1. 40-60 councillors directly elected from electoral divisions in the District (about 1 number for not more than 40,000 persons)	2	According to proportion of their population.	..	6 yrs.	..
	2. The Chairman of Panchayat Samiti as ex-officio Councillor.					

	3. Chairman of 5 Federal Cooperative Societies relating to credit land development, marketing, industrial cooperatives and co-operative training and education as associate member.					
ORISSA						
I. *Gram Panchayat*	11-25 members elected by the adult voters included in the electoral roll. The Sarpanch is elected directly by The Pali Sabha (Gram Sabha) and Naib Sarpanch is elected by Panchas from amongst its members.	..	According to population	..	3 yrs.	..
II *Panchayat Samitis*	1. Sarpanchas of all Panchayats in the Block	1	1 each	..	5 yrs.	..
	2. Chairman of Municipalities and Notified Area Council.					
	3. BDO and one Officer each of the Dev. Deptt. and the Revenue Department.					
PUNJAB						
I. *Gram Panchayat*	5-11 members elected by the members of the Gram Sabha. The Sarpanch is elected by the Panchas from amongst themselves.	2	1-2 according to the proportion of population.	..	5 yrs.	..
II *Panchayat Samiti*	1. 16 members elected by Panchas and Sarpanchas in the Block from amongst themselves.	2	4 belonging to S.C., 1 belonging to backward classes.	..	5 yrs.	..
	2. Local MALs and MLCs without right for vote or hold office.					
	3. SDO/BDO as ex-officio members (with no right to vote)					
	4. 2 members representing cooperative societies and 1 representing market committees in the block elected by members of each bodies from amongst the producer members residing in the Samiti area.					

ANNEXURE 6 (Contd.)

1	2	3	4	5		
III. *Zilla Prishad* . . .	1. Three members from the Panchayat and coopted members of the Panchayat Samitis in the district.	4	One from each Panchayat Samiti	2 belonging to backward classes	5 yrs.	..
	2. Chairman of all Panchayat Samitis.					
	3. Dy. Commissioner (no right to vote),					
	4. Local MPs, MLAs and MLCs without right to vote or hold office.					
RAJASTHAN						
I. *Gram Panchayat* . . .	1. 20 Panchas and the Sarpanch elected directly by all the voters of the wards or constituencies.	2	1 each	–	5 yrs.	..
	2. One representative of Service Coop. Society as Associate member.					
II. *Panchayat Samitis;* . .	1. Sarpanchas of all Panchayat in the Panchayat Samiti.	2	2 each	–	5 yrs.	..
	2. Local MLAs with a right to vote but not to hold office.					
	3. SDO with no right to vote or hold office.					
	4. Elected members—one or more members from the Presidents of all Gram Sabhas in the Panchayat Samiti according to population,					

Associate Member	5. One representative elected by Chairman of the Service Coop. Societies. 6. One representative elected by Chairman of Coop. Societies other than Service Coop. Societies. 7. Chairman of the Marketing Coop Societies. 8. Pradhans, if not already a member of the Panchayat Samiti—Addl. Member.					
III. *Zilla Parishad* . . .	1. Pradhan of all Panchyat Samitis	2	1 each	..	5 yrs.	
	2. Local MPs and MLAs with a right to vote and hold office.					
	3. District Dev. Officer with no right to vote or hold office.					
Associate Members.	4. President of Central Coop. Bank. 5. Chairman of the District Coop. 6. Addl. Members, Pramukh, who is not otherwise a member of Zilla Parishad.					
TAMILNADU						
I. *Village Panchayat* . .	5—15 members elected by the voters. The Presidents & Vice-Presidents are elected by the members from amongst themselves.	1	upto 3 according to proportion of population	..	5 yrs.	Localities with not less than 5000 persons & Rs. 10,000 as income are classified as Town Panchayats.

ANNEXURE 6 (Contd.)

1	2	3	4	5	6	7
II. *Panchayat Union Council*	1. President of every Panchayat & non official member of each township chosen by its members.	3	3 SC/ST	..	5 yrs.	
	2. Local MLAs, MLCs in the area with no right to vote or hold office.					
III. *District Development Council*	1. District Collector (as Chairman)	..	..	..	5 yrs.	
	2. Local MPs and MLAs & MLCs with right to vote.					
	3. Chairman of Panchayat Unions & Municipal Councils.					
	4. President of Coop. Central Banks.					
	5. Such officers connected with planning and development nominated by the Govt.					
UTTAR PRADESH						
I. *Gram Panchayat*	7—15 Members elected by the voters of Gaon Sabha. The Pradhan is elected by Gaon Sabha and Up-Pradhan by the Panchas from amongst themselves.	..	According to proportion of population	..	5 yrs.	
II. *Kshetra Samiti*	1. Pradhans of Gaon Sabha.	5	8 SC	2 persons Interested in Planning & Dev.	5 yrs.	
	2. Chairman of Town Area and Notified Area Committee.					
	3. 2—5 representatives of Coop. Societies					
	4. Local MPs, MLAs & MLCs with right to vote but not to hold office.					

III. *Zilla Parishad* . .	1. Pramukh of Kshetra Samitis.	3—5	3—10 SCs	.	5 yrs
	2. Persons chosen by Kshetra Samitis specified by the State Govt.				
	3. Presidents of Municipal Boards.				
	4. Chairman/Administrator of a Coop. Bank/District Coop. Banks.				
	5. A representative each from District Coop. Federation/Chairman, Coop Society, Cane Union.				
	6. Persons (upto 3) chosen by the State Govt. from social, cultural professional or literary society.				
	7 All local MPs, MLAs, MLCs with right to vote but not to hold office.				
WEST BENGAL					
I. *Gram Panchayats* . . .	7—25 members elected by the voters. The Pradhan & Up-Pradhans are elected by the members from amongst themselves.	2	2	..	4 yrs.
II. *Panchayat Samitis*	1. Not more than 3 persons to be elected from each Gram within the Block on the basis of population	2	2	..	4 yrs.
	2. Pradhans of all Gram Panchayats in the Block-*ex-officio*.				
	3 MPs, MLAs with right to vote, but not to hold office.				

ANNEXURE 6 (Concld.)

1	2	3	4	5	6	7
III. *Zilla Parishad*	1. Sabhapatis of Panchayat Samitis within the district.—*ex-officio*. 2. Two persons elected from each Block with in the district. 3. MPs, MLAs with right to vote, but not to hold office.	2	2	..	4 yrs.	

ANNEXURE 7-A

(Para IV.15)

STATUS OF M.PS. MLAS. AND MLCS. WITH PRIS.

Membership	Panchayat Samitis	Zilla Parishad
1	2	3
1. *Ex-officio* (With no right to vote or hold office).	Bihar, Gujarat, Himachal Pradesh, Punjab, Tamil Nadu, Haryana@.	Gujarat, Himachal Pradesh, Punjab.
2. Associate Member (with right to vote but not to hold office).	Karnataka Madhya* Pradesh, Rajasthan, U.P., West Bengal.	Bihar, Karnataka, Madhya Pradesh, Tamil Nadu, U.P., West Bengal.
3. Members (With right to vote and hold office).	Andnra Pradesh.	Andnra Pradesh, Rajasthan.

@Kncwn as Associate Member.

*Known as *Ex-officio* Member.

NOTE : (1) The MPs, MLAs, MLCs are not associated with Gram Panchayats.

(2) In case of Andhra Pradesh, the MPs, MLAs & MLCs. have to resign from their membership of Lok Sabha, State Assemblies etc. after being elected as Sarpanch of Gram Panchayat, President of Panchayat Samiti or Chairman, Zilla Parishad.

ANNEXURE 7-B

(Para IV 15)

ASSOCIATION OF M.Ps., M.L.As., AND M.L.Cs. ETC. WITH PANCHAYAT SAMITIS & ZILLA PARISHADS

S. No.	State	Membership (M.Ps., MLAs., M.L.Cs.)	PANCHAYAT SAMITIS Type of membership	Right to vote	Right to hold office
1	2	3	4		6
1	Andhra Pradesh	MLAs, MLCs.	Member	Yes	Yes@
2	Assam	——does not exist—(X)——			
3	Bihar	MPs, MLAs, MLCs	Ex-Officio Member	No	No
4	Gujarat	MLAs	Ex-Officio Member	No	No
5	Haryana	MLAs	Associate Member	No	No
6	Himachal Pradesh	MLAs	Ex-Officio Member	No	No
7	Jammu & Kashmir	——does not exist——			
8	Karnataka	MLAs, MLCs.	Associate Member	Yes	No
9	Kerala	——does not exist——			
10	Madhya Pradesh	MLAs.	Associate Member	Yes	No
11	Maharashtra*	—	No Ex-Officio Member	..	..
12	Manipur	——does not exist——			
13	Orissa	+	+		+
14	Punjab	MLAs, MLCs.	Ex-Officio Member	No	No
15	Rajasthan	MLAs.	Associate Member	Yes	No
16	Tamil Nadu	MLAs, MLCs.	Ex-Officio Member	No	No
17	Tripura	——does not exist——			
18	Uttar Pradesh	MPs, MLAs, MLCs.	Associate Member	Yes	No
19	West Bengal	MPs, MLAs,	Associate Member	Yes	No

@In the event of election to this post, they have to resign from their membership in Lok Sabha or State Assembly within specified period.

(X) The State Government constitutes a Planning Board which includes MPs. & MLAs within the jurisdiction of Mohkuma Parishad.

*MPs, MLAs are associated with Dist. Dev. Council and Distt. Revenue & Coord. Committee which are outside P. R. Bodies

+MPs and MLAs are not members of Panchayat Samitis. But they can take part in the meetings without right to vote.

1. Ex-Officio Members—Ex-Officio Members have no right to vote or hold office.
2. Associate Members—Members, who have right to vote, but not to hold office.
3. Members—They have right to vote and hold office.

ANNEXURE 7-B (Contd.)

S. No.	State	Membership (MPs, MLAs, MLCs)	ZILLA PARISHAD		
			Type of Membership	Right to vote	Right to hold office
1	2	3	4	5	6
1.	Andhra Pradesh	MPs, MLAs, MLCs	Member	Yes	Yes @
2.	Assam	——does not exist(×)——			
3.	Bihar	MPs, MLAs, MLCs	Associated Member	Yes	No
4.	Gujarat	MPs, MLAs, MLCs	Ex-Officio Member	No	No
5.	Haryana	——does not exist——			
6.	Himachal Pradesh	MPs, MLAs, MLCs	Ex-Officio Member	No	No
7.	Jammu & Kashmir	——does not exist——			
8.	Karnataka	MPs. MLAs., MLCs	Associate Membe	Yes	No
9.	Kerala	——does not exist——			
10.	Madhya Pradesh	MPs, MLAs	Associate Member	Yes	No
11.	Maharashtra*	No Ex-Officio Member	..	..	..
12.	Manipur	——does not exist——			
13.	Orissa	——deos not exist——			
14.	Punjab	MPs, MLAs, MLCs	Ex-Officio Member	No	No
15.	Rajasthan	MPs, MLAs	Member	Yes	Yes
16.	Tamilnadu	MPs, MLAs.	Associate Member	Yes	No
17.	Tripura	——does not exist——			
18.	Uttar Pradesh	MPs, MLAs, MLCs.	Associate Member	Yes	No
19.	West Bengal	MPs, MLAs	Associate Member	Yes	No

@In the event of election to the post, they have to resign from their membership in Lok Sabha or State Assembly within a specific period.

(X) The State Government constitutes a Planning Board which includes MPs & MLAs within the jurisdiction of Mohkuma Parished.

*MPs, MLAs are associated with Distt. Dev. Council and Distt. Rev. & Coord. Committee which are outside P. R. Bodies.

1. Ex-Officio Members—Ex-Officio Members have no right to vote or hold office.
2. Associate Members—Members, who have right to vote, but not to hold office,
3. Members—They have right to vote and hold office.

ANNEXURE 8

Para V.4

ILLUSTRATIVE FUNCTIONS FOR THE THREE TIERS OF PANCHAYATI RAJ STRUCTURE

Zilla Parishad	Panchayat Samiti/ Taluka Board	Mandal Panchayat
I. Programme implementation of transferred functions as indicated below.	I. Functions assigned by Zilla Parishad in the decentralised sector e.g. Rabi, Kharif, Pig farms, Minor Irrigation, Health, Dispensaries, water supply, Rural Roads, Tubewell, sub-plans.	I. Implementational (Ilustrative only)
(a) Agriculture except research of universities. (b) Animal Husbandry and Veterinary Services.		(a) Fodder development activities with subsidised fodder cultivation. (b) Land shaping in the command area or water management demonstrations.
(c) Fisheries	II. Preparation of Block plans.	(c) Field channels demonstration.
(d) Forestry (e) Marketing (f) Irrigation	III. Coordination or dovetailing of panchayat works where the programmes cover more than one panchayat or taking up directly till they develop capacities.	(d) Farmers' training. (e) Multiple cropping pattern demonstration.
(g) Health; Family welfare	IV. Administrative	(f) Demonstration of drainage-cum-recycling programmes.
(h) Education (i) Public Health Engineering (j) Communication (k) Industries (l) Urban Development (m) Welfare of backward classes (n) Social Welfare		(g) Minikit distribution. (h) Pisciculture demonstration. (i) Fisheries propaganda and fairs. (j) Facilities for creation of coastal or brackish water fishery development. (k) Farm forestry. (l) Soil conservation schemes.
II. Planning review, monitoring and evaluation. III. Coordination		(m) Rural housing and allotment of house sites for landless. (n) Assistance to handloom weavers.

Zilla Parishad	Panchayat Samiti/ Taluka Board	Mandal Panchayat
IV. Administrative and those flowing from organic linkages.		(o) Establishment of mulbery farm or gardens. (p) Tassar collection or rearing projects. (q) Assistance to handicrafts with improved tools or collection for marketing. (r) Health sub-centre construction. (s) Recruitment and looking after rural health workers. (t) Running adult literacy classes. (u) Rural and link roads and culverts construction etc. (v) SFDA—identification aod payment of subsidies. (w) Family welfare projects. II. *Promotional (illustrative only)* (a) Organisation of literacy centres, balwadis, youth clubs, Mahila Mandals Voluntary organisation etc. (b) Cooperation. III. *Procedural (Illustrative only)* (a) Control of fairs and festivals. (b) Registration of death & births. (c) Construction and maintenance of Dharamshalas and Sarais. (d) Opening and maintenance of public markets and slaughter house. IV. *Municipal and Civil at village level.* (a) Water supply. (b) Health and Hygine (c) Lighting

ANNEXURE

(Para IX.2.1)

Sources of Income of Panchayats Excluding Land Revenue and Cess Thereon

States	Are Govt. lands (waste lands) vested in Panchayats	Compulsory taxes levied by the Panchayats	Other sources of Income	Agency to collect taxes	Measures adopted for collection of taxes from defaulters; indicate if arrears can be collected as arrears of land revenue
1	2	3	4	5	6
1. Andhra Pradesh	Yes	House tax, professional tax, Kalagram, or Katarusam, *i.e.* a tax on the village produce sold in the village by weight measurement or number.	Vehicle tax, duty on transfer of property, pilgrim tax, payment by market committees, income from endowments and trusts, fisheries and ferries, leases of Govt. property and net assessment on service inams, 9/10th of fines imposed by magistrate in respect of villages under the Act, Govt. grants, public contributions and toll tax.	Bill collectors of Gram Panchayats. The Village Officer can be entrusted with collection subject to the payment of remuneration not exceeding $6\frac{1}{4}\%$ of the gross sum collected.	Rules in Schedule of the A.P.G.P. Act relate to the procedure for collection of taxes. Immovable property cannot be attached.
2. Assam	No	No Compulsory tax	Local rate, Govt. grants and public contributions, loans, Tax on private hat or market places, and cattle ponds, on house supply of water, tax onsale of firewood	Gaon Panchayat	Taxes can be recovered as arrears of land revenue,

			or thatch or bamboo, conservancy, lighting and slaughter houses, tax on shops, Pharmacies, Tailoring, Laundry, Hair-cutting saloon, carpentry works and automobile workshops. Tax on cultivable land lying fallow, collection of bones and hide, Fees on fishing in fisheries; cess and water rate for recovery of the cost of minor irrigation works; Licence fee on (a) private fisheries, (b) for running tea stalls, and (c) in respect of cart, carriages etc., share of sale proceeds of hats and ferries.		
3. Bihar	No	Tax on immovable property.	Licence fees on professional buyers, brokers and commission agents, profession tax, vehicle tax, fees on goods exposed for sale in any market, registration fee for animals, fees on sarais, rest houses, camping grounds etc., water rate, latrine tax, lighting rate, drainage fee, pilgrim tax and profit from execution of development works. Any other tax, toll, fee or rate approved by the Govt. for services rendered by Gram Panchayats.	Gram Panchayats	Arrears of taxes can be realised by issue of distress warrant by the Mukhiya under the Bihar Public Account Rules, 1949 but not arrears of land revenue.

ANNEXURE 9 (Contd.)

1	2	3	4	5	6
4. Gujarat	Yes	Tax on building and lands and two other taxes or fees referred to in sub-section I of the Section 178.	Octroi, pilgrim tax, tax on fairs, festivals and other entertainments, tax on dogs, profession tax, vehicles, boats or animals, tax, general sanitary cess, general water rate, any tax which the State Legislature has the power to impose, fee on the markets and weekly bazars, fee on cart stands and Tonga-stands, special water rate for piped water, special sanitary cess on private latrines, drainages tax, lighting tax, Village Panchayat Cess u/s 181 (not exceeding 25 paise on every rupee of land revenue) and cess on water rate under section 171 (not exceeding 20 paise on every rupee of water rate).	Gram/Nagar Panchayats	The measures adopted for collection of taxes from defaulters and collection of arrears as arrears of land revenue are indicated in section 192 of the Gujarat Panchayats Act, 1961 and rules framed therein *i.e.*, the Gujarat Panchayats (Recovery of taxes and other dues) Rules, 1963.
5. Haryana	No	House tax, Profession tax, duty on transfer of property, any other tax the State Legislature can impose.	Teh bazari Fees, service fees, fees for registration of animals, water rate, special tax on adult males of the Panchayat for construction of public works of general utility.	Panchayat itself	As arrears of land revenue.
6. Himachal Pradesh	No	House Tax.	Teh bazari fees, service fee, fee for registration of animals sold in sabha area and water rate, Govt.	Panchayat Secretary	As arrears of land revenue

			grants, public contributions, special tax on adult male member of the Panchayati area for the construction of any public work of general utility for the inhabitants of the area, donations fees, etc.		
7. Jammu & Kashmir	No		ax on Buildings, professional tax, State grants and loans, income from community assets, Tax on owners of animals and vehicles, water rate, fee for the use of slaughter houses, tax on boats let on hire, lighting rate, fee for grazing cattle, Terminal Tax, Pilgrim Tax.	Panchayats under Sec. 54 and 55 of the Village Panchayat Act, 1950.	Under Section 59 of the Jammu & Kashmir Village Panchayat Act, 1958, arrears can be collected as arrears of land revenue.
8. Karnataka	Yes	Property Tax, professional tax and trade tax. Tax on buildings and on lands which are not subject to agricultural assessment.	Vehicle tax, tax on fairs, festivals and entertainments, fees on bus stands, markets, supply of water from Panchayat water works, a fee on cart stands and octroi. The Town Panchayats can also levy octroi.	Panchayat	Under Section 77 of the Karnataka Village Panchayat and Local Board Act 1959, taxes of Panchayats can be collected as arrears of land revenue also.
9. Kerala	No	Building tax, professional tax, additional entertainment tax, vehicle tax, duty on transfer of property, surcharge on show tax.	Service taxes, licence tax income from public market, private market, ferries, slaughter houses and cattle ponds.	All taxes except the duty on transfers of property are collected by the Panchayats directly by engaging bill collectors. Arrears can be collected through Village Officers u/s 75 of the Kerala Panchayats Act, 1960.	The arrears can be collected as arrears of land revenue (Vide provisions in section 74 of the Kerala Panchayats Act.)

ANNEXURE 9 (Contd.)

1	2	3	4	5	6
				Duty on transfer of property is collected by the Registration Deptt. along with the stamp duty and distributed among the Panchayats u/s 71 of the Act.	
10. Madhya Pradesh	No	Tax on Building based on capital value, exceeding 1000 rupees ; tax for cleaning private latrines, lighting tax, profession tax, fees on registration of animals sold, market fees for the stalls and for goods brought for sale in the market.	Tax on building of capital value of total Rs. 1,000, fees for sale of goods and animals in Panchayats markets, tolls on vehicles and pack animals used for riding, driving drought, or burden, or on dogs or pigs, tax on carts plying for hire, bicycles, rickshaws, fees for the use of Serais, Dharamshalas, Rest Houses ; slaughter house and encamping grounds ; fees from persons practising the calling of buyers, broker, weighers, measurers, water rate, drainage fees, sanitary cess, fees on cart stands, grazing grounds, on erection on any public street or place. Any other tax which the State Legislature has power to impose under the Constitution of India.	Gram Panchayat itself or any other person who has entered into contract with the Gram Panchayats.	The Panchayats and social education organisers at the block level have been given powers of the additional Tehsilders, under the M. P. Land Revenue Code, 1959, empowering them to recover the arrears of Gram Panchayat taxes as arrears of land revenue.
11. Maharashtra	No	By Maharashtra Act No. 13 of 1975, a	Contributions from State Govt., Zilla Parishads and	All taxes levied by Village Panchayats are collected	The Panchayat shall cause a writ of demand to be

			tax on lands (not subjected to payment of agricultural assessment) and on bulidings and a betterment charge on the land benefiting from schemes or projects undertaken by a panchayat from the village fund are compulsory. But this has not been brought into force.	Panchayat Samitis, fees for cleaning of cess pool constructed in lands whetrer belonging to village panchayats or not, donations and gifts, pound fees, compensation received by panchayats as compl: inants in suits, sale proceeds of all dust, dirt, dung and refuse, all carcas of animals, income from properties vesting in panchayats and fees levied for institution of suits and cases. Taxes and fees leviable by panchayats are octroi (with the previous sanction of the Govt.), the Pilgrim tax, tax on fairs, festivals and other entertainments ; tax on bicycles and on vehicles drawn by animals, professional tax, general sanitary cess ; general water rate, lighting tax, any tax which the State Legislature has under the Consitition, the power to impose fee on cart stands, special water rate for piped water ; fee for supply of water, special sanitary cess upon private latrines, fee for grazing cattle, a fee on the registration of animals sold in the market place.	by the village Panchayats.	served on the defaulter if the sum for which a writ of demand has been served is not paid within thirty days from the date of such service, the Panchayat may levy such sum by distraint and sale of the movable property of the defaulter. If a panchayat is unable to recover a tax or fee or other dues to it as aforesaid, it may furnish to the Mamlatdar, or Tehsildar or Naib Tehsildar or Mahalkari, a statement of the arrears with a request for recovery of the same and on receipt of such statement of arrears, the Mamlatdar, Tehsildar or Mahalkari shall proceed to recover the same as an arrear of land revenue.
12. Manipur	No	No		Professional tax, fees from markets and hats, water	One of the Panchayat members or Tax Collec-	Arrears of taxes can be collected as arrears of

ANNEXURE 9 (Contd.)

1	2	3	4	5	6
			tax, house tax, tax on animals and their registration, slaughter houses, entertainment tax, tax on cinema, tax on vehicles run on hire.	tor appointed by the Panchayat.	land revenue.
13. Meghalaya	..	Nil	Nil	Does not arise.	Does not arise.
14. Nagaland	..	Nil	Nil	Does not arise.	Does not arise.
15. Orissa	Yes		Professional tax, conservancy tax, vehicle tax, tolls, income from tanks, market, fisheries, cattle pounds, charges of irrigation pump supplied by Govt.; village orchards, fee on cart stands, interest on paddy deposited in Gram Gola Cooperatives and Govt. grant and loans, kendu leaf grants in Kendu Leaf Growing areas and cess grant.	Tax Collector appointed by Gaon Panchayat for the purpose and Gram Panchayat Secretary.	If a Gram Panchayat is unable to realise the arrear due, it may apply to the Collector to recover the same as in case of arrears of land revenue.
16. Punjab	Yes	House tax, profession tax with the previous approval of Govt., duty on transfer of property not exceeding 2%.	Development grants from Govt. and local bodies, income from shamlatlands, donations, contribution and other taxes, Teh-Bazari, fees, serai fees including fees on cleaning of streets and lighting of streets ; and sanitation; fee for registration of animals, water rate.	The Panchayat itself collects the taxes. It can, however, appoint one or more agents for the collection of taxes etc. on payment of five per cent of the amount so collected as collection charges.	The arrears of taxes are recoverable as arrears of land revenue.

17. Rajasthan	Yes	No compulsory tax.	Grants from Govt., fines, licence fees, tax on buildings, octroi, vehicle tax, tax for arranging the supply of drinking water, cattle ponds, sale of Abadi land, etc.; any tax which the State Govt. can impose and which has been sanctioned by Govt.; loans, gifts, pilgrim tax etc., tax on commercial crops, chakies, cotton, sugarcane, Zeera and groundnut, special tax on adult male members for the construction of any public work.	Panchayat has power to collect taxes.	Panchayats have the power to issue, if necessary, warrants of attachment and sale for the recovery of tax.
18. Sikkim	..	..	—	..	..
19. Tamil Nadu	Yes	Vehicle tax, house tax, profession tax.	Grants and contributions, licence fees, entertainment tax, surcharge on stamp duty, income from remunerative enterprises and Village House Tax Matching Grant.	Village Officers of the Revenue Deptt. of the State Govt. in the case of Village Panchayats. In the case of Town Panchayats, the collection is made by the Panchayat itself through the bill collectors.	Coercive measure stipulated in the rules issued under M. P. Act, 1958 are adopted. The rules contemplate distraint of movable property and also filing of civil suits. The arrears of Panchayat taxes cannot be collected as arrears of land revenue.
20. Tripura	No	Nil	Nil	Does not arise	Does not arise.
21. Uttar Pradesh	Yes	..	Fees from markets and hats, water tax, house tax, tax on animals and their registration, tax on slaughter houses, water rate, tax on vehicles run on hire, tax on cleaning private latrines.	Tax collected through Panchayats, Secretaries or tax Amins.	Arrears can be collected as arrears of land revenue.

1	2	3	4	5	6
22. West Bengal	No	Tax on land and buildings at 2% of the annual value; profession tax; addl. stamp duty at the rate of 2% on transfers of immovable property; addl. stamp duty of 10% on entertainment tax.	Fees on registration of vehicles, vehicle tax, fees and fines, lighting and conservancy rates, sanitary tax at centres of workshop and pilgrimage, income from cattle pounds. Water rates for supply of water for drinking, irrigation or other purposes.	Paid or authorised members of panchayat (honorary).	Sales of movable property; arrears recoverable under public Demands Recovery Act, 1913.
23. Andaman & Nicobar Islands.	..	..	..	..	..
24. Arunachal Pradesh.	..	..	..	..	..
25. Chandigarh	Yes	House Tax	Development grants from Govt. and local bodies; income from shamlat lands, donations, contributions and other taxes.	All taxes levied by the Village Panchayats are collected by the Village Panchayats themselves.	Yes, the amount of arrears of taxes of Panchayats are recoverable as arrears of land revenue.
26. Dadra & Nagar Havali.	Yes	..	..	..	..
27. Delhi	Yes	..	Tax on rent payable, by the Asami or a tax on the land revenue payable by Bhumidar.	..	..
28. Goa, Daman & Diu.	No	..	Grants, from the Govt., House tax, vehicle tax, professional tax, octroi,	Panchayat Secretaries.	As arrears of land revenue.

		tax on fairs ; lighting tax, drainage tax, pilgrim tax, entertainment tax, fees for sale of goods in markets, mealas, fairs and festivals; fees for grazing of cattles, fees on cart stands, tonga stands and other public parking places, fees for providing watch and ward of crops in the village etc.		
29. Lakshadweep ..	Nil	..	..	..
30. Mizoram ..	Nil	..	..	..
31. Pondicherry ..	House tax, profession tax, duty on transfer of property not exceeding 5%.	Additional excise duty on toddy trees, agricultural land tax for specific purposes; tax on fairs and festivals; tax on the village produce sold in the village by weight measurement or number, fee for the use of the commercial lands under the control of village panchayat, fee for market, cart stand ; special water rate for piped water supply provided by village panchayat.	Taxes of cesses levied by the Village Panchayats are to be collected by the Commune Panchayat Council in the jurisdiction of which the Village Panchayat is situated.	..

ANNEXURE 10

(Para IX. 2·1)

INCOME OF PANCHAYATI RAJ INSTITUTION FROM LAND REVENUE AND CESSES ON LAND REVENUE

S. No.	State	Do Panchayats collect land revenue	Share of land revenue given to Panchayati Raj Institutions	Rates of cess on Revenue and surcharge on cess, if any	Distribution of Cess
1	2	3	4	5	6
1	Andhra Pradesh	No	No	Land Cess : 18 paise per rupee in Andhra area, 25 paise per rupee in Telengana area ; Education cess in Andhra area only at the rate of 1½ paise per rupee of land revenue.	Gram Panchayats, Panchayat Samitis and Zilla Parishads are entitled to 7, 6 and 5 paise respectively in Andhra area ; in Telangana the proportion is 12 : 8 : 5 respectively; entire education cess was being adjusted to the Panchayat Samitis before 1968 when the adjustment was discontinued.
2	Assam	No	45 prise per capita to Gaon Panchayat ; 45 paise per capita to Mohkuma Parishad ; 10 paise per capita of the population of the districts where Mokhuma Parishads are established towards equalisation fund.	N.A.	Out of the local rate collection in its area, the Gaon Panchayat is paid at twenty five paise per capita of population.

3. Bihar	Yes	Of the total rent received by the Govt. in respect of lands in the State, a minimum of 6¼% is procured and distributed to Gram Panchayats in such proportion as may be prescribed by the Govt. Share of land revenue is given to the Panchayat Samitis and Zilla Parishads.		Proceeds of the local cess are shared between the Panchayat Samitis and Zilla Parishads.
4 Gujarat	Yes, Gram and Nagar Panchayats collect land revenue.	After deducting 35% towards the salaries of Talati-cum-mantri and 5% towards State Equalisation Fund, the remainder is distributed as follows : 50%—Gram Panchayats 25%—Taluka Panchayats. 10%—District Panchayats. 7½%—District Equalisation Fund. 7½%—District Gram Encouragement Fund.	50 paise per rupee imposed by the State Govt. At the request of a District Panchayat, the cess thereon can be raised to the extent of 50 additional paise. Similarly, at the request of a Gram/Nagar Panchayat, an additional cess of 25 paise per rupee of land revenue may be levied, for a specific and for a limited period. A Gram/Nagar Panchayat may be permitted to increase the cess upto 100 paise on every rupee of land revenue. Education cess may be levied by a Taluka Panchayat.	State Govt. retains 20 paise; 30 paise paid to the District Panchayats on the basis of collection. Entire proceeds of additional cess, levied at the request of District Gram/Nagar Panchayats is paid to the concerned panchayats deducting collection expenses.

ANNEXURE 10 (Contd.)

1	2	3	4	5	6
5	Haryana	No	Maximum of 3% of the total annual land holding tax to the Gram Panchayats and 7% to the Panchayat Samitis.	Twenty per cent of the annual land revenue.	Sixty per cent of the local rate is given to the Panchayats and forty per cent to Panchayat Samitis.
6	Himachal Pradesh	No	An amount equivalent to 20% of the total land revenue realised within the State is placed at the disposal of the Director who may appropriate the amount for discharging the liabilities of the Gram Panchayats and may allocate the remainder, if any to, the Gram Panchayats is given proportion as may from time to time be decided by Govt.	Local rate at 35% of the annual land revenue.	Sixty per cent goes to the Gram Panchayat and 40% to Panchayat Samiti.
7	Jammu & Kashmir	No	Nil	Sanitation cess at 3 paise per every rupee of land revenue.	Entire cess is given to Panchayats.
8	Karnataka	No	General purpose grants of 30% and 50% of the collection of land revenue in the village and the Taluk respectively to the concerned village and the Taluk; 10% of the land revenue for Gram Panchayat for specific purposes; and 10% of the land revenue for specific	Cess of 12 paise per rupee of land revenue, Govt. can permit increase of the rate of local cess on the request of the Taluk Board and the maximum rate that can be levied is 25 paise in the rupee.	Entire cess proceeds are credited to the Taluka Board.

			purpose to the Taluk Board.		
9	Kerala	No	Entire land revenue is passed on to the Panchayats as Basic Tax Grant	Land cess is collected at 1/16 per centum of the capital value of the land. After Oct., 1975, the levy and collection of cess became optional to the Panchayats concerned.	Entire receipts from cess are given to the Panchayats.
10	Madhya Pradesh	Partially	25% of the Land Revenue is transferred to the PRIs in the rate of 5:12:8 for Gram/Janpad Panchayat/Z.P.	10 paise per rupee Janpad Panchayat can impose cess of 15% of L.R. At the initiative of J.P. the maximum 90% cess can be levied.	Entire receipts to Panchayats. Amount received as a result of enhanced cess can be divided between the J.P. and G.P. in the area in 3:2 ratio.
11	Maharashtra	No	Entire land revenue is passed on to the village concerned.	(1) 20 paise or such increased, rate not exceeding 200 paise on every rupee of land revenue. (2) On the request of a Village Panchayat, a Panchayat Samiti or Zila Parishad, the cess levied in their area can be increased. The total cess should not go beyond 200 paise per rupee of land rerevenue. (3) Cess of 20 paise for rupee on water rate.	(1) The net proceeds after deducting the expenses on collection assigned to the Gram Panchayats. (2) (a) The increased income due to the increase in cess levied at the request of a Panchayat / a Panchayat Samiti is credited to the concerned body. (b) The cess paid to the Zila Parishad is equally distributed between the Zila Parishad and the Pan-

ANNEXURE 10 (Concld.)

1	2	3	4	5	6
					chayat Samitis under its jurisdiction. (3) It is passed on to the Z.P.
12	Manipur	No	Nil	6 paise per rupee	Nil
13	Orissa	No	Nil	10 paise per rupee	Forty per cent
14	Punjab	No	50 percent of land revenue i.e. 40 percent to the Panchayats and 10 per cent to P.S./Z.P. from 1978-79.	Local rate at 50 paise per rupee of the annual value of the land.	Fixed percentage of local rate to P.S. and Z.P. in the district. Rate differs from district to district, subject to maximum of 80 per cent and minimum of 25 per cent to the Zila Parishad and the rest to P.S.
15	Rajasthan	No	25 paise per head of the population of the block to Panchayat Samiti.	Panchayat Samitis can levy a cess of 5 paise per rupee on the land revenue.	
16	Tamil Nadu	No	Land revenue assignment at Re. 1/- per capita to Panchayat Development Block.	45 paise per rupee, Panchayat Unions may levy local cess surcharge subject to a maximum of Rs. 2.50 per rupee of land revenue in addition to local cess.	20 paise to the Panchayat Union Fund in case of Town Panchayats within the area of a Panchayat Union, 2/9 to be credited to the Town Pancayat Fund, a minimum of 20 paise per capita to the Village Panchayat and the balance to the Panchayat Union General Fund.

17	Uttar Pradesh	No	A portion of State revenue collected as development levy is available to Zilla Parishads to implement their development schemes. The development levy is abolished from 1978-79.	Upto twenty five paise in a rupee on the amount of land revenue may be levied by the Gram Sabha.	Entire proceeds of the amount raised by the Gram Sabha.
18	West Bengal	No	10 percent	12 paise per rupee	Cent per cent to Gram Panchayats.

ANNEXURE 11

(Para IX. 3.1)

SOURCES OF INCOME OF PANCHAYAT SAMITIS

State	Taxation: Powers of taxation	Taxation: Machinery of collection.	Grants from State Govts.	Non-tax revenue	Other sources
1	2	3	4	5	6
1. Andhra Pradesh	Not specified, (proceeds from taxes, surcharge which the Panchayet Samiti is empowered to levy).	Surcharge is collected through Gram Panchayat or Village Officer on payment of commission.	Share of land cess and surcharge on stamp duty, State taxes and fees, funds relating to C.D. Programme. funds transferred by the Central and State Govt or Heads of Deptt. for certain schemes, grants from Governments.	Not specified (proceeds from fees which the Panchayat Samiti is empowered to levy).	Central and State aids received from all India bodies and institutions, donations and contributions received Trom Panchayats or Town Committees.
2. Assam .	No Panchayat Samitis.				
3. Bihar .	Irrigation tax, water tax from persons benefited by the supply of piped drinking water, annual registration fees on cycles, rickshaws, tandom and any other vechicle, proceeds from surcharge and fees, tolls on fairs, hats, ferries.	Panchayat Samaitis.	Share of local cess and land revenue, grant-in-aid received from the Govt., grants and funds transferred by State Govt. for certain schemes and institutions.	Not specified (proceeds from fees which the Panchayat Samiti is empowered to levy).	Aids received from all India bodies, ad-hoc grants recd. from or through Zilla Parishads donations and contributions recd. from Gram Panchayats, Municipalities, Notified Area Committee, members of the public or any institution; income arising from leases granted by the Panchayat Samiti, public ferries, fairs & hats, loans recd. from the Govt.

4.	Gujarat .	Education cess and any of the taxes and fees leviable by a Gram or Nagar Panchayat, proceeds fee, enhancing the rate of stamp duty up to 15% which Taluka Panchayat is empowered to levy.	Gram/Nagar Panchayat so far as taxes and fees leviable by Gram/ Nagar Panchayat.	Share of land revenue, contributions from Government.	Proceeds from fees which the Taluka Panchayat is empowered to levy.	Contributions from District Panchayat, income from property vesting in Taluka Panchayat ; loans received from the State Government.
5.	Haryana .	A Panchayat Samiti may impose any tax for which the State Legislature has the power under the Constitution of India. It may levy fees for the use of or benefits from: (a) Public hospitals, dispensaries, schools, sarais, markets, rest houses and other public institutions. (b) the supply, storage and preservation of water for drinking, bathing and agricultural purposes. (c) preservation and reclamation of soil and drainage and reclamation of swamps.	Panchayat Samiti itself.	Govt. grants under the C.D. Programme ; Govt. grants by the various development schemes entrusted to the Panchayat Samiti under Section 42 of the Act; Ad-hoc grants from the State Govt. aggregating to 10% land revenue.	Income from ferries and fairs, share of receipts from cattle fairs.	Income from immovable properties vested with the Samitis.

ANNEXURE 11 (Contd.)

1	2	3	4	5	6
	(d) fees on fairs, agricultural shows and industrial exhibitions held under its authority.				
	(e) profession tax as well as local rate have been abolished in Haryana. The taxes being levied are : cycle token tax, oil engines licence fees, vehicle tax, tonga tax, licence fee (electric motor) bones and hides tax.				
6. Himachal Pradesh	Any tax which the Legislative Assembly of Himachal Pradesh can impose with the prior approval of the Govt. (1) fees for the use of or benefits from:	Panchayat Samiti through tax Collector.	Local rate, Grants under C.D. Programme, Funds transferred by the Govt. or Head of Departments for cer tain schemes, Samiti fees etc.	Income from property owned by the Samiti.	Donations, loans from the Government
	(a) Public hospitals, dispensaries, schools, sarais, makrets, rest houses and other public institutions; (b) the supply storage				

	and preservation of water for drinking, bathing and agricultural purposes; (c) Preservation and reclamation of soil and draimage and reclamation of swamp.				
	(2) Fees and fairs, agricultural exhibitions, held under its authority				
	(3) Profession tax with the approval of Government.				
7. Jammu & Kashmir	..	No Panchayat Samitis.			
8. Karnataka	Duty on transfer of immovable property in the shape of an additional stamp duty (not exceeding-3%. Tax on animals brought for sale in the markets in their jurisdiction (not exceeding 25 paise per animal).	..	Share of land revenue, funds relating to C.D. programme and other schemes transferred by Govt., local cess on land revenue and water rates.	Licence fees.	Income from or proceeds of property vested in them.
9. Kerala	..	No Panchayat Samitis.			

ANNEXURE 11 (Contd.)

1	2	3	4	5	6
10. Madhya Pradesh	Janpada Panchayats may levy a tax on new bridges constructed by the Janpada Panchayats and a tax on the theatrical performance, and other shows or public amusement, additional stamp duty of one half per cent on transfer of immovable property.	Panchayat Samiti itsef.	Fees for any licence or permission for occupation or use of lands and other property vested in or maintained out of the Janpada Punchayat Fund.		
11. Maharashtra	Recommended an increase in the rate of cess on land revenue	Revenue and Forest Deptts. of the State Government.	Grants from State Govt. through Collector.	Nil	Nil
12. Manipur	..	No Panchayat Samitis.	..	..	..
13. Meghalaya	..	No Panchayati Raj	..	..	..
14. Nagaland	..	Do.	..	..	..
15. Orissa	No power of taxation	..	Share of cess on land revenue, State taxes and fees; funds relating to C. D. Programme; funds transferred by Govt's or	..	Central and State aid received from all-India bodies and institutions, donations and contributions received from Panchayats and public;

			Heads of Deptt. for certain schemes; share of Kendu leaf grant in Kendu leaf growing areas.		grants from organisations and statutory bodies; income from endowments trusts, and other institutions.
16. Punjab	A Panchayat Samiti may impose any tax for which the State Legislature has the power under the Constitution of India.	Executive Officer through the Tax Collector.	Government grants under the C.D. programme; Grants by the various development departments of the Govt. for the execution of development schemes entrusted in the Panchayat Samitis under Section 42 of the Act; ad-hoc grants from the State Govt. aggregating to 10% of land revenue.	Income from properties and other assets.	Percentage of local rate, fees levied for the use of benefits derived from public hospitals, dispensaries, schools, sarais, markets, rest houses, supply and storage of water for drinking purposes; fees on fairs, agricultural shows and industrial exhibition. Tonga tax, chakki tax, rickshaw tax, oil engine tax; Saw Mill Tax, Rehri Tax, Brick Kiln Tax.
17. Rajasthan	(1) Tax on trades/calling professions or industries; (2) Tax on fairs held in the area of the Samitis; (3) Cess on rent for the use of occupation of agricultural land @ 5 paise per rupee; and (4) Primary education cess.		Share of land revenue grants meant for running of schemes of various Deptts. of Govt. transferred to Panchayat Samitis.	Building up remunerative assets, bone contracts.	Grants and contributions by various institutions and bodies, loans received from the State Govt.

ANNEXURE 11 (Concld.)

1	2	3	4	5	6
18. Sikkim	..	No Panchayat Samitis			
19. Tamil Nadu	Surcharge on entertainment tax and tax on cinematograph exhibition (show tax), local cess surcharge.	State Govt. through Revenue Deptt. or commercial Taxes Deptt.	Share from land revenue and local cess; grants and matching grants from Govt. Development funds.	..	Income from sale proceeds of buildings, land and other property belonging to Panchayat Union; Contributions from Municipalities and other local authorities, income from endowments and trusts under the management of Panchayat Union Council, loans from the State Govt.
20. Tripura	..	No Panchayat Samitis.	..	..	..
21. Uttar Pradesh	Kshettra Samitis have no power of taxation.		Grants and contribution for C.D. Programme.	Licence fee (a) on brokers, (b) for the service bulls and stallions toll tax on vehicles, pack animals, fees on the registration of animals sold in the market, fees on fairs, markets, agricultural shows and exhibitions, fee for industrial use of their property. Though the Act provides for tax, the powers have not been delegated to the Kshettra Samitis so far.	

22. West Bengal	Tolls on persons, vehicles or animals, tolls on ferries, fees for registration of vehicles, provision of sanitary arrangements or places of worship, etc., fee for licence for a private hat at markets, fee for licence for offensive and dangerous trades, water rate, lighting rate.		Grants and contribution by the Union and State Govt. share of land revenue, allotment by Z. P. transferred to departmental schemes; (grants).		Grants and contributions made by Z. P. or other local authority; receipts from the remunerative schemes; gifts and contributions and all income from any trusts or endowments; loans from the State Govt., receipts from schools, hospital, etc. vested in the Panchayat Samitis.
23. Andaman & Nicobar Islands	..	No Panchayat Samitis.	..	..	..
24. Arunachal Pradesh	..	No Panchayat Samitis.	..	..	..
25. Chandigarh	A Panchayat Samiti may impose any tax for which the State Legislature has the power under the Constitution of India.	Tax Collector appointed by the Panchayat Samiti.	Grants have been sanctioned by Administration since the constitution of Panchayat Samiti, Chandigarh.	Local rate.	
26. Dadra & Nagar Haveli	..	..	..	..	..
27. Delhi	.	..	..	..	..
28. Goa, Daman Diu	..	..	..	..	..
29. Lakshadweep	..	..	..	..	..

ANNEXURE 12

(Para IX : 4.1)

Sources of Income of Zilla Parishads

State	Taxation		Grants from State Govt.	Non-tax Revenue	Other Sources
	Power of Taxation	Machinery of Collection			
1	2	3	4	5	6
1. Andhra Pradesh	Not specified (proceeds from taxes which the Zilla Parishad is empowered to levy)	No tax is being levied	Share of cess and surchrage on Stamp duty, state taxes and fees, grants from Central and State Government.	Not specified (proceeds from fees which the Zilla Parishad is empowered to levy)	Grants from all India bodies and institution, income from endowments administered by the Zilla Parishads, income by the District Board, donations and contribution, income from the Panchayat Samiti or from the public and income from Blocks for which Panchayat Samitis a not constituted.
2. Assam (Mohkuma Parishad.)	Panchayat tax on every household, profession tax ; licence fee for cinema halls, bricks or tile kilns, saw mill s, timber depots, petrol and	..	Expenditure on establishment.	Share from Bazar and ferry receipts.	..

	diesel sales depots oil mills, rice mills, and extra charge on local rate.				
3. Bihar	Proceeds from taxes which the Zilla Parishad is empowered to levy.	Zilla Parishad	Share of land revenue and local cess grants from Central and State Government.	Not specified (proceeds from fees which the Zilla Parishad is empowered to levy).	Grants from all India bodies and institutions, donations and contributions from Panchayat Samiti or from members of Public or any institutions, income from endowment and trusts administered by it, income from Blocks for which no Panchayat Samitis have been constituted, loans raised by Zilla Parishads with the approval of the State Government.
4. Gujarat	Proceeds from taxes which the District Panchayat is empowered to levy. District Panchayat has also power to levy simultaneously taxes leviable by Gram/Nagar Panchayat; it can apply for an increase in stamp duty on transfer of immovable property upto a maximum of 10 per cent. It can levy educational cess.	Gram/Nagar Panchayats.	Share of land revenue and forest revenue, grants from the State Government.	Proceeds from fees which the District Panchayat is empowered to levy.	Income from Property vesting in the District Panchayat and loans from the State Government.

ANNEXURE 12 (Contd.)

1	2	3	4	5	6
5. Haryana	Zilla Parishads were abolished in 1973.				
6. Himachal Pradesh	Nil	Nil	Nil	Nil	Nil
7. Jammu and Kashmir	No	Zilla Parishad	..	..	..
8. Karnataka	Since District Development Council is only a coordinating and supervisory body, no grants, etc. are given to them. Secretary and staff provided at Government cost.				
9. Kerala	No	Zilla Parishad	..	..	..
10. Madhya Pradesh	No	Zilla Parishad	..	..	..
11. Maharashtra	Cess on water rate; pilgrim tax; special tax on lands and building; Zilla Parishad can recommend an increase in the rate of cess on land revenue; cess on water rate.	Cess on land revenue and water rate is collected by the Revenue and forest department respectively others by the Zilla Parishad itself.	Plan grant, local cess matching grant, incentive grant, stamp duty grant and forest revenue grant, purposive grant, establishment grant, compensation to Zilla Parishad on account of Taxes on various grounds and abolition of Taxes on profession, trades, callings and employment.	Licence fees on brokers, commission agents, market fee on the sale of goods or animal in the market.	Income from property and loans from the State Government.
12. Manipur	No Zilla Parishads				
13. Meghalaya	No Panchayati Raj				
14. Nagaland	No Panchayati Raj				
15. Orissa	The Zilla Parishads were abolished in November, 1968.				

16. Punjab	No Power of Taxation.	..	Grants from Govt. share of land cess, State taxes. Ad hoc grant on account of 10 per cent of land revenue development grant to six Zilla Parishads.	No power to levy any fees or cess ; (share of fees as may be prescribed by the State Government).	Grants from all India bodies; income from endowments or trusts administered by them; income of the old District Boards as the Government may by order allocate to them; donations from Public contribution as may be levied on Panchayat Samitis.
17. Rajasthan	No Power of Taxation		Government Grants.	..	Contribution from Panchayat Samitis, or from the Public.
18. Sikkim	No Zilla Parishads.				
19. Tamil Nadu	District Development Councils have no executive functions and do not require any funds.				
20. Tripura	No Zilla Parishad.				
21. Uttar Pradesh	Tax on circumstances and other taxes which the State Government authorise the Parishad to levy.	Tax staff of the Parishad.	Grants from the State Government.	Tolls and fees etc. that may be levied by the Zilla Parishad.	Income from Property and loans from the State Government.
22. West Bengal	..	..	Grants from the Central and State Governments advances for special purposes ; shares of land revenue.	Tolls on persons, vehicles or animals; Tolls on fairs and festivals ; fees for registration of goods, for providing sanitary arrangements etc., fines and penalties realised.	Grants and contributions by Panchayat Samiti ; income from remunerative schemes, income from trusts and endowments and loans from the State Government ; receipts in respect of schemes, ins-

ANNEXURE 12 (Concld.)

1	2	3	4	5	6
					pection of funds, trans ferred by other Departments both on plan and non-plan projects (including grants loans).
23. Andaman & Nicobar Islands.	No Zilla Parishad.				
24. Arunachal Pradesh.	..	..	—	..	..
25. Chandigarh.	No Power of Taxation.	..	Grants from Govt. share of land cess, state taxes.	No power to levy any fees or cess (share of fees as may be prescribed by the State Government).	Grants for all India Bodies income from endowments or trusts administered by them; income of the old District Board as the Government may allot; donations from Public; contribution as may be levied on Panchayat Samitis.
26. Dadra & Nagar Haveli.					
27. Delhi.					
28. Goa, Daman and Diu.					
29. Lakshadweep.					
30. Mizoram.					
31. Pondicherry	No Zilla Parishad.				

STATEMENT 1

(Para IX. 2.2)

INCOME OF GRAM PANCHAYATS FROM TAXES AND OTHER SOURCES

Sl. No.	State/Union Territories	Income from taxes (in lakhs)	Income from other sources (in lakhs)	Total income Col. (3)+(4)	Average income per Punchayat (000 Rs.)	Per capita income Rs.	% of (3) to (5)	Year for which the data are given
1	2	3	4	5	6	7	8	9
1	Andhra Pradesh	573·69	1114·92	1688·61	10·52	4·59	33·97	1975-76
2	Assam	23·25	37·05	60·30	9·10	0·47	38·56	1974-75
3	Bihar	N.A.	..	..	..	..	..	..
4	Gujarat	469·04	1015·28	1484·32	11·72	7·60	31·60	1972-73
5	Haryana	67·00	2·20	69·20	1·34	0·84	97·00	1977-78
6	Himachal Pradesh	24.45	10·75	35·20	1·73	1·09	69·66	1976-77
7	Jammu & Kashmir	4·05	2·35	6·40	0·43	0·17	63·28	1974-75
8	Karnataka	285·33	136·00	421·33	5·16	1·87	61·75	1975-76
9	Kerala	455·00	606·00	1061·00	108·83	5·61	42·88	1975-76
10	Madhya Pradesh	124·86	257·36	382·22	2·50	1·15	32·67	1972-73
11	Maharashtra	494·54	2459·20	2953·74	12·72	8·41	16·74	1973-74

STATEMENT 1 (Contd.)

1	2	3	4	5	6	7	8	9
12	Manipur		6·56	6·56	2·97	1·09	..	1976-77
13	Meghalaya	..	..	..	..	..	..	..
14	Nagaland	..	..	..	..	..	..	..
15	Orissa	14·70	128·69	143·39	3·74	0·71	10·25	1975-76
16	Punjab	56·85	507·22	564·07	..	5·46	..	1976-77
17	Rajasthan	24·00	417·96	441·96	6·06	2·08	5·43	1975-76
18	Sikkim	0·51		0·51	..	0·27	..	..
19	Tamil Nadu	918·59	293·64	1212·23	9·60	3·78	75·78	1973-74
20	Tripura	0·50	0·50	1·00	0·15	0·07	50·00	1975-76
21	Uttar Pradesh	297·00	166·00	463·00	0·64	0·61	64·36	1976-77
22	West Bengal	88·30	153·43	241·73	1.23	0·74	36·53	1975-76
Union Territories								
1	Andaman & Nicobar Islands	..	0·25	0·25	..	0·42	..	1975-76
2	Arunachal Pradesh	0·27	..	0·27	..	..	..	1975-76
3	Chandigarh	0·06	0·15	0·21	0·95	0·88	28·57	1975-76
4	Dadra & Nagar Haveli	0·40	..	0·40	..	0·54	..	1975-76
5	Delhi	..	65·50	65·50	..	15·63	..	1975-76

6 Goa, Daman & Diu	0·12	9·96	10·08	[5·20	1·58	1·19	1975-76
7 Lakshadweep	..	..	..	..	..	–	..
8 Mizoram	..	..	..	..	..	..	..
9 Pondicherry	..	..	..	..	..	..	..
All India	3922·51	7390·97	11313·48				

STATEMENT 1 (Contd.)

(Para IX.2.2)

INCOME OF GRAM PANCHAYATS FROM TAXES AND OTHER SOURCES

S. No.	State/Union Territories	No. of villages covered by Panchayats	No. of Gram Panchayats	Population covered in lakhs	Percentage or rural population covered
1	2	3	4	5	
1	Andhra Pradesh	29,131	16,045	3686·00	100.0
2	Assam	19,733	663	129·11	100.0
3	Bihar	77,949	11,445	507·19	9.0
4	Gujarat	18,697	1 2,663	195·35	100.0
5	Haryana	6,690	5,165	82·64	00 0
6	Himachal Pradesh	16,916	2,033	32·18	) 0.0
7	Jammu & Kashmir	7,424	1,482	37·92	00.0
8	Karnataka	29,117	8,162	225·00	100.0
9	Kerala	1,334	974	188·99	100 0
10	Madhya Pradesh	71,787	15,274	331·04	97.0
11	Maharashtra	35,778	23,930	351·22	98.8
12	Manipur	581	221	6·00	76.0
13	Meghalaya	..	..	..	..
14	Nagaland	..	..	..	..
15	Orissa	50,854	3,830	201·20	100 0
16	Punjab	12,188	9,432	103.34	100.0
17	Rajasthan	35,795	7,297	212.00	100.0
18	Sikkim	405	215	1.90	95.7
19	Tamil Nadu	16,621	12,628	321.00	100.0
20	Tripura	871	689	14.00	90.0
21	Uttar Pradesh	1,12,624	72,853	759.53	100.0
22	West Bengal	41,392	19,662	328.68	98.0

1	2	3	4	5	6
	Union Territories				
1	Andaman & Nicobar Islands	163	38	0·60	52·0
2	Arunachal Pradesh . .	2,776	701	4.10	95·0
3	Chandigarh . . .	22	22	0.24	100 0
4	Dadra & Nagar Haveli .	72	10	0.74	100.0
5	Delhi . . .	258	204	4.19	100.0
6	Goa, Daman & Diu . .	448	194	6.40	100 0
7	Lakshadweep . . .	..	..	..	..
8	Mizoram	..	..	..	..
9	Pondicherry . . .	..	..	..	..
	All India . .	5,89,626	2,25,832	4412.56	

STATEMENT 2

(Para IX.2.2)

INCOME OF GRAM PANCHAYATS OF SOME STATES IN DIFFERENT YEARS

(Rs. in lakhs)

Year	Andhra Pradesh				Gujarat				Haryana				Kerala			
	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venue	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)
	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)
1962-63	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1963-64	..	..	..	..	203·68	..	338·65	542·33	..	..	..	..	..	..	..	..
1968-69	..	..	..	..	320·76		608·86	929·62	..	..	..	..	..	..	..	..
1971-72	..	..	..	..	..	..	..	..	..	..	..	..	495·00	131.00	..	626.00
1972-73	..	..	..	..	556·79	..	992·01	1548·80	..	..	..	..	592·00	134·00	..	726·00
1973-74	..	..	..	..	..	..	..	..	..	..	..	..	629·00	134·00	..	763·00
1974-75	468·84	609·82@	341·58	1420·24	..	..	..	..	24·42	..	11·12	35·54	739·00	146·00	..	885·00
1975-76	573·69	612·61@	502·31	1688·61	..	..	..	..	24·93	..	11·10	36·03	1062·00	174·00	..	1236·00
1976-77	..	..	..	..	..	..	..	..	24·45	..	10·75	35·20	..	..	..	..
1977-78	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..

@It consists Grants-in-aid and assigned revenue.

Year	Maharashtra				Orissa				Punjab				Uttar Pradesh			
	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)	Taxes and Fees	Grants	Other Re-venues	Total (A+B+C)
	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)
1962-63	230·87	380·56	122·76	734·19	..	..	..	..	..	..	..	..	..	..	..	..
1963-64	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1968-69	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1971-72	442·45	952·11	320·00	1714·56	105·98	170·27@	0·75*	277·00	..	..	..	..	..	..	..	..
1972-73	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1973-74	494·54	NA	NA	2954·73	..	..	..	..	2·28	..	372·70	374·98	..	..	..	..
1974-75	..	..	..	..	..	..	..	..	110·94	..	427·42	538·36	..	..	..	..
1975-76	..	..	..	..	144·45	159·22@	2·04	305·71	147·26	..	429·08	576·34	..	..	..	..
1976-77	..	..	..	..	..	..	..	..	56·85	..	507·22	564·07	278·01	78·42	105·82£	462·25
1977-78	..	..	..	..	76·87	240·29@	4·00	321·16	..	..	..	..	..	..	..	..

@It consists of Grants-in-aid and assigned revenue.

*Government Loans.

£Also includes income from Management of Land.

STATEMENT 3

(Para IX. 3·1)

INCOME OF PANCHAYAT SAMITIS

Sl. No.	State/Union Territories	No. of C.D. Blocks	No. of Panchayat Samitis	Percentage of Blocks covered by Panchayat Samitis.	Income from taxes (in Lakhs)	Income from other sources (in lakhs)	Year to which the data relates	Remarks
1	2	3	4	5	6	7	8	9
1	Andhra Pradesn	324	324	100·00	..	457·85	1977-78	
2	Assam	130	..	..	2·85	10.30	1972-73	(includes
3	Bihar	587	210	35·03	N.A.	..	..	336·80
4	Gujarat	218	182	83·50	257·14	10812·45	1975-76	lakhs of
5	Haryana	87	83	95·00	10·94	171·67	1975-76	assigned
6	Himachal Pradesh	69	69	100·00	1·45	13·85	1975-76	revenues).
7	Jammu & Kashmir	73	Nil.	..	No Panchayat Samiti			
8	Karantaka	175	175	100·00	221·81	291·87	1975-76	
9	Kerala	144	Nil	..	No Panchayat Samiti			
10	Madhya Pradesh	457	390	85·03	10·17	94·36	1972-73	
11	Maharashtra	343	296	86·03	..	..	..	

12	Manipur	14	..	..	No Panchayat Samiti		
13	Meghalaya	24	..	..	No Panchayat Samiti		
14	Nagaland	21	..	..	No Panchayat Samiti		
15	Orissa	314	314	100.00	..	..	..
16	Punjab	117	117	100·00	75·19	35·96	1977-78
17	Rajasthan	232	232	100·00	69·90	248·98	1975-76
18	Sikkim	..	Nil	..	No Panchayat Samiti		
19	Tamil Nadu	374	374	100.00	765·21	224·61	1975-76
20	Tripura	17	..	..	..	..	..
21	Uttar Pradesh	875	875	100·00	..	..	..
22	West Bengal	335	325	97·00	2·29	24·25	1975-76

STATEMENT 3 (Contd.)

1	2	3	4	5	6	7	8	9
Union Territories		5	..	..	..	..	..	..
1	Andaman & Nicobar Islands	42	45	100·00	..	..	..	..
2	Arunachal Pradesh	1	1	100·00	..	..	..	..
3	Chandigarh	2	1	(Varisht Panchayats)	..	..	..	..
4	Dadra & Nagar Haveli	5	..	..	..	..	..	..
5	Delhi	12	..	..	..	..	..	..
6	Goa, Daman & Diu	4	..	..	..	..	..	..
7	Lakshadweep	20	..	..	..	..	..	..
8	Mizoram	4	11	(Commune	Panchayat) 19·75	15·75	..	..
9	Pondicherry							
	G. Total :	5026	4029	80·00				

STATEMENT 4

(Para IX.3.1)

INCOME OF PANCHAYAT SAMITIS OF SOME STATES THROUGH VARIOUS SOURCES IN DIFFERENT YEARS

(Rs. in lakhs)

Year	Andhra Pradesh				Haryana				Himachal Pradesh			
	Own Receipts	Govt. grants	Other Revenue	Total	Own Receipts	Govt. Grants	Other Revenue	Total	Own Receipts	Govt. grants	Other Revenue	Total
1971-72	@ 162·22	3,244·21	63·94	3,470·37	113·47	46·37	..	159 84	69·21	26·79	..	96·00
1972-73	..	..	..	..	126·88	37·35	..	164·23	91·58	35·56	..	127·14
1973-74	..	..	..	..	119.67	55·38	..	175·05	96·77	47·66	..	144·43
1974-75	@ 216·14	3,746·02	27·17	3,989·33	146·70	63·16	..	209·86	124·41	33.43	..	157·84
1975-76	..	..	..	..	122·44	62·15	..	184·59	96·89	38·57	..	135·46
1976-77	..	..	..	..	..	..	..	..	95·71	50·79	..	146·50
1977-78	@ 398·24	8,901·96	85·72	9,385·92	..	..	..	..	..	..	..	..

@Includes information for assignment of taxes, cesses transferred by the State Government.

STATEMENT 4 (Contd.)

(Rs. in lakhs)

Year	Orissa				Tamil Nadu			
	Own Receipts	Govt. grants	Other Revenues	Total	Own Receipts	Govt. grants	Other Reveues	Total
1971-72	..	..	..	..	..	..	..	..
1972-73	..	..	..	..	..	..	..	..
1973-74	..	..	..	..	..	..	..	..
1974-75	..	..	..	..	..	..	..	..
1975-76	@ 4·30	2,354·39	..	2,358·69	..	..	..	..
1976-77	@ 20·71	2,786·15	..	2,806·86	..	..	..	..
1977-78	@ 12·37	2,713·38	..	2,725·75	4,000·00	8,109·49	..	12,109·49

@Includes information for assignment of taxes, cesses transferred by the State Government.

STATEMENT 5

(Para IX. 4·2)

INCOME OF ZILLA PARISHADS IN SOME STATES THROUGH VARIOUS SOURCES FOR DIFFERENT YEARS

(Rs. in lakhs)

Year	Andhra Pradesh				Gujarat				Haryana			
	Own Receipts	Govt. Grants	Other Revenues	Total	Own Receipts	Govt. Grants	Other Revenues	Total	Own Receipts	Govt. Grants	Other Revenues	Total
1970-71	..	..	..	..	..	..	..	..	41·93	11·92	37·21	91·06
1971-72	171·37	3558·78	53·52	3783·67	..	..	..	..	66·97	5·79	66·70	139·46
1972-73	..	..	..	..	..	..	..	..	38·90	9·17	55·96	104·03
1973-74	..	..	..	..	325·38	9878·67	..	10204·05	..	..	..	..
1974-75	162·61	3723·44	72·46	3958·51	..	..	..	..	..	..	..	..
1975-76	..	..	..	..	..	..	..	..	..	..	..	..
1976-77	..	..	..	..	..	..	..	..	..	..	..	..
1977-78	247·82	5314·60	119·64	5682·06	..	..	..	..	..	..	..	..

STATEMENT 5 (Contd.)

(Rs. in lakhs)

Year	Maharashtra				Punjab				Uttar Pradesh			
	Own Receipts	Govt. Grants	Other Revenues	Total	Own Receipts	Govt. Grants	Other Revenues	Total	Own Receipts	Govt. Grants	Other Revenues	Total
1970-71	..	..	..	..	..	..	..	..	..	..	..	..
1971-72	596·05	8955·10	1488·52@	11039·67	..	..	..	..	556·62	5539·50	..	6096·12
1972-73	..	..	..	..	55·17	11·12	45·32*	111·61	500·38	2801·53	..	3301·91
1973-74	..	..	..	..	55·84	8·88	33·89*	98·61	411·64	600·67	..	1012·31
1974-75	..	..	..	..	57·65	11·05	43·67*	112·38	457·27	293·51	..	750·78
1975-76	..	..	..	..	61·59	15·86	132·42*	209·87	489·78	551·46	..	1041·24
1976-77	..	..	..	..	59·29	15·93	145·86*	221·08	544·32	342·74	..	887·06
1977-78	..	..	..	..	..	..	..	..	..	..	..	..

@Includes amount provided by the State Govt. for performing agency functions.

*Includes income from unearmarked contribution from Govt. interest on investment, miscellaneous unclassified receipts, etc.

STATEMENT 6

(Para IX.8·2)

ESTIMATED DISBURSEMENTS TO PANCHAYATI RAJ INSTITUTIONS FROM LAND REVENUE

(Rs. in lakhs)

State	Estimated Budget Receipts (1976-77)	Estimated disbursement on the basis of the present Act and rules.
1	2	3
1. Andhra Pradesh	3328	Nil
2. Assam	450	129·00
3. Bihar	2740	171·25
4. Gujarat	700	700·00
5. Haryana	470	47·00
6. Himachal Pradesh	87	17·40
7. Jammu & Kashmir	56	Nil
8. Karnataka	700	700·00
9. Kerala	312	312·00
10. Madhya Pradesh	2331	582·75
11- Maharashtra	1936	1936·00
12. Manipur	40	Nil
13. Meghalaya	2	..
14. Nagaland	7	..
15. Orissa	519	..

STATEMENT 6 (Contd.)

1	2	3
16. Punjab	127	13·00
17. Rajasthan	1050	53·00
18. Sikkim	13	..
19. Tamil Nadu	212	321·00
20. Tripura	46	..
21. Uttar Pradesh	4000	..
22. West Bengal	781	78·00
	19907	5060·40

N.B. : The estimated Budget receipts are taken from the *Indian Agriculture in Brief*, 15th edition, 1977. While this shows the estimate for Maharashtra is Rs. 1936 lakhs the actual expenditure by the Govt. in 1976-77, towards land revenue grant to Gram Panchayats was Rs. 474·14 lakhs only. Such discrepancies may be there with reference to the position in other States too. Further, in Andhra Pradesh, the receipts from land revenue include the revenue from irrigation rates.

STATEMENT 7

(Para IX. 3.1 & 9.1)

ROUTING OF DEPARTMENTAL FUNDS (OTHER THAN C.D.) THROUGH PANCHAYAT SAMITIS

(Rs. in lakhs)

States/Union Territories	1969-70	1970-71	1971-72	1972-73	1973-74
1	2	3	4	5	6
1. Andhra Pradesh	1798·88	3814·99[1]	4574.25[3]	4207.16**	4849 52**
2. Assam	19·60	16·40	15.97	—	—
3. Bihar	273·37	321·40	392.49	—	—
4. Gujarat	N.A.	N.A.	7070·00	2068.71	5571.69
5. Haryana	27·50	34·96	20.10	19.39	2.67
6. Himachal Pradesh	25·71	3·13	33.80	286.61	171.59
7. Jammu and Kashmir	N.A.	37·09	N.A.	N.A.	N.A.

Source : Government of India, Ministry of Agriculture and Irrigation (Department of Community Development/Rural Development) Reports 1972-73, 1973-74, 1974-75.

* In the absence of actual figures anticipated figures as reported by the State Governments to the Central Government have been indicated.

N.A. Not available

— NIL

[1] In the report of 1972-73 it was indicated as 710·90, because information in respect of certain departments was awaited.

[3] In the report of 1973-74 it was indicated as 4636·59 (But both of these figures were anticipated figures given by State Governments).

** Information in respect of certain departments was awaited.

STATEMENT 7 (Contd.)

1	2	3	4	5	6
8. Karnataka	424·27	452.42[2]	491.29@[4]	719·00[5]	N.A.
9. Kerala	132·51	156.12	96.99	114·22	N.A.
10. Madhya Pradesh	157·87	N.A.	—	—	—
11. Maharashtra	N.A.	N.A.	4595.82	7961.63	2213.89
12. Manipur	12·17	35.84	25·20	N.A	40.80
13. Meghalaya	N.A.	14.77	12.16	N.A.	—
14. Nagaland	N.A.	36.00	56.27	67.93	26.30
15. Orissa	856·83	1606.45	1576.76	N.A.	N.A.
16. Punjab	61·23	52.24	81.44	15.77	13.21
17. Rajasthan	1490·25	1456·14	1388.50	1672.29	N.A.
18. Tamil Nadu	5047·82	5435.08	6324.55	8949.51	9985.46
19. Tripura	26·82	29.94	120.98	58.99	N.A.
20. Uttar Pradesh	2150·37	322.28	147.32	N.A.	N.A.
21. West Bengal	920·01	N.A.	N.A.	N.A.	N.A.
22. Andaman & Nicobar Islands	0·06	0.05	0.29	0.06	0.14
23. Arunachal Pradesh	..	—	2.09	—	—
24. Chandigarh	0·65	—	0·64	—	—

25. Dadra & Nagar Haveli	0.55	3.25	1.54	1.39	—
26. Delhi	11.25	7.50	20·75	15.25	6.46
27. Goa, Daman & Diu	11.83	33.54	15.33	32.46	....@
28. Lakshadweep	—	—	—	—	—
29. Mizoram	—	2.93	3.34	1.62	—
30. Pondicherry	0.97	2.93	3.34	1.62	5.64

[3] In the report of 1972-73 it was indicated as 373·95.

[4] In the report of 1972-73 it was indicated as 431·70.

[5] In the report of 1973-74 it was indicated as 595.38 because information in respect of 170 Talukas C.D. units out of 175 Talukas has been shown.

@ Information in respect of 170 C.D. units out of 175 talukas was reported.

STATEMENT 8-A

(Para IX. 9.3)

ANNUAL PLANS 1973-74 TO 1978-79 (OUTLAYS/EXPENDITURE)

AGRICULTURE AND ALLIED SERVICES

(Rs. in lakhs)

State	Actual Expenditure			Anti. Exp.	Agreed Outlay	
	1973-74	1974-75	1975-76	1976-77	1977-78	1978-79
1	2	3	4	5	6	7
1. Andhra Pradesh .	1045	1160	1579	2163	2758	3836
2. Assam .	731	1140	1184	1454	1980	3000
3. Bihar . . .	1244	2457	3037	3426	4085	5022
4. Gujarat .	1249	2887	4074	2457	4002	5109
5. Haryana .	404	471	775	955	1239	1936
6. Himachal Pradesh	463	862	907	1120	1318	1785
7. Jammu & Kashmir	420	497	619	800	1207	1754
8. Karnataka .	1589	2028	2501	4232	3698	4369
9. Kerala .	753	1194	1549	2257	2836	3312
10. Madhya Pradesh .	1475	2870	3094	4341	5792	6398
11. Maharashtra	4445	4765	4742	5449	5937	5229
12. Manipur .	34	163	233	302	369	458
13. Meghalaya .	132	288	338	385	444	570
14. Nagaland .	85	212	268	589	643	629
15. Orissa .	603	1191	1172	1772	2613	3842
16. Punjab .	564	1279	1623	2733	3018	3566
17. Rajasthan .	388	712	1092	1715	2146	2664
18. Sikkim .	..	..	..	290	360	458
19. Tamil Nadu .	2003	2175	1790	2492	2608	3737
20. Tripura .	48	194	275	348	539	764
21. Uttar Pradesh .	3890	5177	4670	7029	10140	11342
22. West Bengal .	1013	2498	2848	3488	4890	7329
Total—All States	22578	34220	38370	49797	62622	77109

1	2	3	4	5	6	7
Union Territories						
1. Andaman & Nicobar Islands . .	35·94	52·50	86·40	133·10	201·70	258·40
2. Arunachal Pradesh	106·80	166·56	183·16	244·63	381·60	648·00
3. Chandigarh .	18·46	12·40	9·96	12·23	27·51	31·16
4. Dadra & Nagar Haveli . . .	22·38	26·50	31·86	46·87	59·61	76·65
5. Delhi .	45·52	68·34	83·73	331·81	202·43	387·46
6. Goa, Daman & Diu . . .	221·01	264·58	294·34	291·55	382·94	459·00
7. Lakshadweep .	24·37	21.78	23·98	36·10	53.27	62·60
8. Mizoram .	111·50	166·18	201·91	297·16	378·00	514·78
9. Pondicherry .	93·61	129·99	125·55	129·47	163.98	226·00
Total—Union Territories .	679·59	908·83	1040·49	1522·92	1851·04	2664·04

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STATEMENT 8-B

(Para IX. 9·3)

ANNUAL PLANS 1973-74 TO 1978-79 (OUTLAYS/EXPENDITURE)
COMMUNITY DEVELOPMENT AND PANCHAYAT

(Rs. in lakhs)

State	Actual Expenditure 1973-74	Actual Expenditure 1974-75	Actual Expenditure 1975-76	Anti. Exp. 1976-77	Agreed 1977-78	Outlay 1978-79
1	2	3	4	5	6	7
1. Andhra Pradesh	155	58	61	60	60	65
2. Assam	99	32	50	71	80	97
3. Bihar	244	30	28	58	107	240
4. Gujarat	116	516	736	91	118	595
5. Haryana	12	27	41	56	34	40
6. Himachal Pradesh	41	41	36	37	40	58
7. Jammu & Kashmir	26	14	14	27	24	70
8. Karnataka	18·66	9·07	8·42	14	14	18
9. Kerala	109	128	181	98	160	169
10. Madhya Pradesh	71	22	196	580	766	766
11. Maharashtra	215	132	172	138	84	32
12. Manipur	10	9	11	15	18	22
13. Meghalaya	34	14	15	18	19	21
14. Nagaland	22	17	25	43	45	45
15. Orissa	70	39	54	61	51	60
16. Punjab	25	55	88	154	164	190
17. Rajasthan	61	18	2	6	29	204
18. Sikkim	..	..	..	1	3	4
19. Tamil Nadu	222	420	419	497	330	369
20. Tripura	8	12	14	14	19	23
21. Uttar Pradesh	228	121	206	307	318	147
22. West Bengal	80	1038	535	426	600	1555
Total—All States	1867	2752	2892	2772	3083	4790

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